CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED

招 商 局 中 國 基 金 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 133)

Interim Report

For the six months ended 30 June 2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. ZHANG Jian* *(Chairman)*
Mr. ZHANG Rizhong*
Mr. WANG Xiaoding#
Mr. TSE Yue Kit#
Ms. KAN Ka Yee, Elizabeth#
(appointed on 24 April 2020)
Mr. CHU Lap Lik, Victor#
(resigned on 24 April 2020 and appointed as alternate Director to Ms. KAN Ka Yee, Elizabeth# on the same date)
Mr. KE Shifeng*
Mr. LIU Baojie**
Mr. TSANG Wah Kwong**
Dr. LI Fang**

Executive Directors
* *Non-executive Directors*
** *Independent Non-executive Directors*

INVESTMENT COMMITTEE

Mr. ZHANG Jian
Mr. ZHANG Rizhong
Mr. WANG Xiaoding
Ms. KAN Ka Yee, Elizabeth
(appointed on 24 April 2020)
Mr. CHU Lap Lik, Victor
(resigned on 24 April 2020 and appointed as alternate member to Ms. KAN Ka Yee, Elizabeth on the same date)

AUDIT COMMITTEE

Mr. TSANG Wah Kwong
Mr. LIU Baojie
Dr. LI Fang

NOMINATION COMMITTEE

Mr. ZHANG Jian
Mr. TSANG Wah Kwong
Dr. LI Fang

COMPANY SECRETARY

Mr. LEUNG Chong Shun

INVESTMENT MANAGER

China Merchants China Investment Management Limited
1604-09, Three Pacific Place,
1 Queen's Road East,
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS

Herbert Smith Freehills
Victor Chu & Co
Woo Kwan Lee & Lo

PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
China Merchants Bank Co., Ltd.

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wan Chai,
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

1609, Three Pacific Place,
1 Queen's Road East,
Hong Kong

Stock Code: 0133.HK
Website: www.cmcdi.com.hk

RESULTS

The Board of Directors of China Merchants China Direct Investments Limited (the "**Company**") announces the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2020	2019
		(unaudited)	*(unaudited)*
	NOTES	***US$***	*US$*
Net (loss) gain on financial assets at fair value through profit or loss	*4*	**(47,905,963)**	145,543,955
Investment income	*5*	**6,107,601**	3,587,275
Other gains		**895,522**	824,428
Administrative expenses		**(5,732,536)**	(6,013,878)
(Loss) profit before taxation	*7*	**(46,635,376)**	143,941,780
Taxation	*8*	**11,752,787**	(32,543,881)
(Loss) profit for the period		**(34,882,589)**	111,397,899
Other comprehensive expense for the period			
Item that will not be reclassified subsequently to profit or loss			
Exchange difference arising on translation to presentation currency		**(6,723,284)**	(2,361,607)
Total comprehensive (expense) income for the period		**(41,605,873)**	109,036,292
(Loss) profit for the period attributable to owners of the Company		**(34,882,589)**	111,397,899
Total comprehensive (expense) income for the period attributable to owners of the Company		**(41,605,873)**	109,036,292
Basic (loss) earnings per share	*9*	**(0.229)**	0.731

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	**30 June 2020 *(unaudited)* *US$***	31 December 2019 *(audited)* *US$*
Non-current assets			
Financial assets at fair value through profit or loss	*3*	**649,009,349**	663,028,975
Investment deposits		**—**	14,907,829
		649,009,349	677,936,804
Current assets			
Financial assets at fair value through profit or loss	*3*	**49,508,799**	50,944,637
Other receivables and prepayments	*10*	**2,711,865**	1,008,385
Tax recoverable		**405,597**	—
Cash and cash equivalents		**36,843,917**	64,143,034
		89,470,178	116,096,056
Current liabilities			
Other payables	*11*	**27,255,903**	27,538,766
Dividend payable	*12*	**10,663,311**	—
Taxation payable		**445,332**	994,825
		38,364,546	28,533,591
Net current assets		**51,105,632**	87,562,465
Total assets less current liabilities		**700,114,981**	765,499,269
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	*16*	**1,221,527**	1,190,048
Deferred taxation	*13*	**102,112,396**	115,258,979
		103,333,923	116,449,027
Net assets		**596,781,058**	649,050,242
Capital and reserves			
Share capital	*14*	**139,348,785**	139,348,785
Reserves		**55,357,370**	62,080,654
Retained profits		**402,074,903**	447,620,803
Equity attributable to owners of the Company		**596,781,058**	649,050,242
Net asset value per share	*15*	**3.918**	4.261

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital US$	Translation reserve US$	General reserve US$	Retained profits US$	Equity attributable to owners of the Company US$
Balance at 1 January 2020 (audited)	**139,348,785**	**49,328,396**	**12,752,258**	**447,620,803**	**649,050,242**
Loss for the period	**—**	**—**	**—**	**(34,882,589)**	**(34,882,589)**
Exchange difference arising on translation to presentation currency	**—**	**(6,723,284)**	**—**	**—**	**(6,723,284)**
Total comprehensive expense for the period	**—**	**(6,723,284)**	**—**	**(34,882,589)**	**(41,605,873)**
2019 final dividend declared	**—**	**—**	**—**	**(10,663,311)**	**(10,663,311)**
Balance at 30 June 2020 (unaudited)	**139,348,785**	**42,605,112**	**12,752,258**	**402,074,903**	**596,781,058**
Balance at 1 January 2019 (audited)	139,348,785	58,862,334	11,503,761	365,340,288	575,055,168
Profit for the period	—	—	—	111,397,899	111,397,899
Exchange difference arising on translation to presentation currency	—	(2,361,607)	—	—	(2,361,607)
Total comprehensive (expense) income for the period	—	(2,361,607)	—	111,397,899	109,036,292
2018 final and special dividends declared	—	—	—	(18,279,962)	(18,279,962)
Balance at 30 June 2019 (unaudited)	139,348,785	56,500,727	11,503,761	458,458,225	665,811,498

The general reserve represents the general reserve fund set aside by subsidiaries in accordance with relevant laws and regulations of The People's Republic of China ("**PRC**"), which is not available for distribution.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2020	2019
	(unaudited)	*(unaudited)*
	US$	*US$*
OPERATING ACTIVITIES		
(Loss) profit before taxation	**(46,635,376)**	143,941,780
Adjustments for:		
Interest income	**(268,359)**	(469,810)
Dividend income from equity investments	**(5,839,242)**	(3,117,465)
Net loss (gain) on financial assets at fair value through profit or loss	**47,905,963**	(145,543,955)
Operating cash flows before movements in working capital	**(4,837,014)**	(5,189,450)
Proceeds from disposal of financial assets at fair value through profit or loss	**295,178**	18,363,832
Return of capital from financial assets at fair value through profit or loss	**2,005,409**	10,816,840
Purchases of financial assets at fair value through profit or loss	**(27,448,662)**	(2,570,994)
Decrease (increase) in other receivables and prepayments	**5,070**	(11,210)
Decrease in other payables	**(252,538)**	(67,129)
Increase (decrease) in financial liabilities designated at fair value through profit or loss	**39,447**	(129,165)
Cash (used in) generated from operations	**(30,193,110)**	21,212,724
Interest received	**320,655**	376,242
Dividends received	**4,078,396**	5,968,120
Income taxes paid	**(973,020)**	(415,274)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	**(26,767,079)**	27,141,812
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(26,767,079)**	27,141,812
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	**64,143,034**	48,450,040
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(532,038)**	(453,788)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	**36,843,917**	75,138,064

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The financial information relating to the year ended 31 December 2019 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In the current interim period, the Group has applied the *Amendments to references to the conceptual framework in Hong Kong Financial Reporting Standards* ("**HKFRSs**") and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 1 and HKAS 8	Definition of material

The application of the *Amendments to references to the conceptual framework in HKFRSs* and above amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performances for the current/prior periods and/or disclosures set out in these condensed consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

The Group's activities expose it to a variety of financial risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The unaudited condensed consolidated interim financial statements do not include all financial risk management information and disclosures required for the annual consolidated financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2019.

There has been no change in the risk management policies during the current interim period.

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Most of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets	30 June 2020 (unaudited) US$	31 December 2019 (audited) US$	Fair value hierarchy	Valuation techniques	Significant unobservable input(s)	30 June 2020 (unaudited) Range	31 December 2019 (audited) Range	Relationship of unobservable inputs to fair value	30 June 2020 (unaudited) Increase(+)/ decrease (-) in fair value of assets if 10% increase/ decrease of the unobservable inputs (Note 2) US$	31 December 2019 (audited) Increase(+)/ decrease (-) in fair value of assets if 10% increase/ decrease of the unobservable inputs (Note 2) US$
Financial assets at fair value through profit or loss ("FVTPL")										
Listed equity securities (Note 1)	**308,743,425**	343,741,290	Level 1	Quoted bid prices in active market	N/A	**N/A**	N/A	N/A	**N/A**	N/A
Investment deposits (Note 1)	**–**	14,907,829	Level 2	Recent transaction price	N/A	**N/A**	N/A	N/A	**N/A**	N/A
Listed equity securities within lock-up period (Note 1)	**4,563,451**	4,540,862	Level 3	Quoted bid prices in active market and adjusted for lack of marketability	– Discount rate for lack of marketability	**3.6% - 6.3%**	2.2% - 6.2%	The higher the discount rate, the lower the fair value	**-26,000/ +26,000**	-19,000/ +19,000
Equity securities (including equity securities traded on the National Equities Exchange and Quotations ("**New Third Board**") and unlisted equity securities) and unlisted participating preferred unit (Note 1)	**225,820,958**	243,036,583	Level 3	Market comparable companies	– Earnings multiples – Revenue multiples – Book value multiples	**12.6x - 23.9x** **5.2x** **1.0x - 10.5x**	20.4x - 28.9x 3.7x 1.3x - 5.2x	The higher the multiples, the higher the fair value	**+21,861,000/ -21,861,000**	+24,499,000/ -24,499,000
					– Discount rate for lack of marketability and specific risk	**52%**	51%	The higher the discount rate, the lower the fair value	**-26,439,000/ +26,439,000**	-15,090,000/ +15,090,000
Unlisted debt investments (Notes 1 and 4)	**48,915,031**	48,926,349	Level 3	Discounted cash flow	– Discount rate	**0% - 5.2%**	5.2%	The higher the discount rate, the lower the fair value	**– 334,000/ +334,000**	– 438,000/ +438,000
Unlisted equity (Note 1)	**45,106,654**	50,692,353	Level 3	Net asset value	– Net asset value of the underlying investments	**1,400,326 - 27,905,889**	252,286- 33,400,705	The higher the net asset value, the higher the fair value	**+4,510,665/ -4,510,665**	+5,069,235/ -5,069,235
Unlisted equity securities (Note 1)	**65,368,629**	14,425,470	Level 3	Recent transaction price with discount/ premium	– Discount/premium for events/changes after transaction price	**0%**	0%	The higher the discount/ premium, the lower/higher the fair value	**+6,536,863/ -6,536,863**	+1,442,547/ -1,442,547
Unlisted equity securities (Notes 1 and 5)	**–**	8,610,705	Level 3	Investment cost with discount/ premium	– Discount/premium	**N/A**	0%	The higher the discount/ premium, the lower/higher the fair value	**N/A**	+861,071/ -861,071
Closing balance	**698,518,148**	728,881,441								

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Note 1: Financial assets at FVTPL represent those measured at fair value with subsequent fair value gains or losses to be recognised in profit or loss.

Note 2: Amount represents increase(+)/decrease(-) in fair value of the financial assets if the unobservable inputs were 10% increase/decrease while all the other variables were held constant.

Note 3: The analysis of financial liabilities is set out in note 16.

Note 4: Pursuant to the agreements, the loans, subject to the fulfillment of certain precedent conditions which are not under the control of the Group, could be converted into equity interest of Rong Bao Zhai Culture Co., Ltd. and Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd., respectively. Given that the conditions are not under the control of the Group, the Directors consider that the conditions of conversion were not fulfilled as at 30 June 2020.

Note 5: As at 31 December 2019, it is considered that the original investment cost remains the best estimate of fair value.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at both period or year end.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(continued)*

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTPL *US$*
Balance at 1 January 2020 (audited)	**370,232,322**
Losses recognised in profit or loss	**(16,089,679)**
Exchange difference arising on translation to presentation currency	**(3,975,372)**
Purchases	**27,000,210**
Disposals	**(295,178)**
Return of capital	**(2,005,409)**
Transfer out of Level 2 to Level 3	**14,907,829**
Balance at 30 June 2020 (unaudited)	**389,774,723**
Balance at 1 January 2019 (audited)	386,473,390
Gains recognised in profit or loss	46,884,829
Exchange difference arising on translation to presentation currency	(917,427)
Purchases	2,570,994
Disposals	(9,181,915)
Return of capital	(10,816,840)
Balance at 30 June 2019 (unaudited)	415,013,031

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(continued)*

Reconciliation of Level 3 fair value measurements of financial assets: *(continued)*

Of the total losses for the period included in profit or loss, loss of US$16,132,571 (six months ended 30 June 2019: gain of US$42,618,177) relates to financial assets at FVTPL categorised in Level 3 held at the end of the reporting period. Fair value gains or losses on financial assets at FVTPL are included in "Net (loss) gain on financial assets at fair value through profit or loss". Transfers between levels of the fair value measurement hierarchy are recognised as of the date of the event or change in circumstances that caused the transfer.

During the period ended 30 June 2020, the Group's financial assets at FVTPL at Level 2 were transferred to Level 3 as the transfers of equity title were duly completed during the period and the valuation was by reference to their recent transaction prices.

Reconciliation of fair value measurements of financial liabilities:

	Financial liabilities designated at FVTPL *US$*
Balance at 1 January 2020 (audited)	**1,190,048**
Issuances	**62,928**
Redemptions	**(4,960)**
Change in fair value	**(26,489)**
Balance at 30 June 2020 (unaudited)	**1,221,527**
Balance at 1 January 2019 (audited)	1,306,574
Issuances	10,191
Redemptions	(78,380)
Change in fair value	(66,676)
Balance at 30 June 2019 (unaudited)	1,171,709

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis *(continued)*

Fair value measurements and valuation processes

A guideline on the fair value measurements has been applied to the regular assessment of fair value of an asset. Fair value of listed investments, except those listed on the New Third Board, is determined based on the quoted market bid prices available on the relevant exchanges. Fair value of listed investments within lock-up period is assessed based on the quoted market bid prices available on the relevant exchanges and adjusted for lack of marketability. Fair value of certain unlisted investments is arrived at by reference to their recent transaction prices. For unlisted investments and investments listed on the New Third Board with no recent transactions noted, their fair values are arrived at on the basis of valuations carried out by an independent valuer on a half-yearly basis. Determination of fair value is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability. Factors considered in determining the fair value of these investments include multiples of comparable companies listed on stock exchanges and discount rates based on market information. The valuation report prepared by the independent valuer is reported to and reviewed by the management on a half-yearly basis.

4. NET (LOSS) GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following is the analysis of net (loss) gain on investments of the Group for the six months ended 30 June 2020. The amounts of realised (loss) gain represent the difference between the fair value at the beginning of the period or purchase date in the period and the disposal date of financial instruments while the amounts of unrealised (loss) gain represent the change of fair value during the period of financial instruments held by the Group as at the period end:

	Six months ended 30 June	
	2020	2019
	(unaudited)	*(unaudited)*
	US$	*US$*
Net (loss) gain on financial assets at FVTPL		
Listed investments		
Realised	**—**	8,272,042
Unrealised	**(31,887,183)**	95,898,625
Unlisted investments		
Realised	**81,185**	—
Unrealised	**(16,099,965)**	41,373,288
Total	**(47,905,963)**	145,543,955

5. INVESTMENT INCOME

Investment income represents the income received and receivable on investments during the period as follows:

	Six months ended 30 June	
	2020	2019
	(unaudited)	*(unaudited)*
	US$	*US$*
Interest income on bank deposits	**268,359**	469,810
Dividend income on financial assets at FVTPL	**5,839,242**	3,117,465
Total	**6,107,601**	3,587,275

6. SEGMENTAL INFORMATION

The Group's reportable segments, based on information reported to the chief operating decision maker for the purposes of resources allocation and performance assessment are as follows:

(a) Financial services: investees engaged in financial services activities.

(b) Culture, media and consumption: investees engaged in culture, media and consumption activities.

(c) Information technology: investees engaged in information technology activities.

The Group also invested in manufacturing, energy and resources, agriculture and education activities, and none of these segments met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, these were grouped in "Others" during the current period.

Information regarding the above segments is reported below.

6. SEGMENTAL INFORMATION (CONTINUED)

The following is an analysis of the Group's reportable and operating segments for the period under review.

For the six months ended 30 June 2020

	Reportable segments					
	Financial services US$	Culture, media and consumption US$	Information technology US$	Total reportable segments US$	Others US$	Total US$
Net (loss) gain on financial assets at FVTPL	(48,672,088)	(14,423,198)	19,525,627	(43,569,659)	(4,336,304)	(47,905,963)
Dividend income on financial assets at FVTPL	3,367,059	2,374,720	97,463	5,839,242	—	5,839,242
Other gains	—	895,522	—	895,522	—	895,522
Segment (loss) profit	(45,305,029)	(11,152,956)	19,623,090	(36,834,895)	(4,336,304)	(41,171,199)
Unallocated:						
– Administrative expenses						(5,732,536)
– Interest income on bank deposits						268,359
Loss before taxation						(46,635,376)

6. SEGMENTAL INFORMATION (CONTINUED)

For the six months ended 30 June 2019

	Reportable segments					
	Financial services US$	Culture, media and consumption US$	Information technology US$	Total reportable segments US$	Others US$	Total US$
Net gain (loss) on financial assets at FVTPL	112,855,052	20,760,479	12,665,387	146,280,918	(736,963)	145,543,955
Dividend income on financial assets at FVTPL	2,442,686	674,779	—	3,117,465	—	3,117,465
Other gains	—	761,612	—	761,612	—	761,612
Segment profit (loss)	115,297,738	22,196,870	12,665,387	150,159,995	(736,963)	149,423,032
Unallocated:						
– Administrative expenses						(6,013,878)
– Interest income on bank deposits						469,810
– Other gains						62,816
Profit before taxation						143,941,780

Segment (loss) profit represents the net (loss) gain on financial assets at FVTPL including net (loss) gain on investments, the corresponding dividend income and other gains earned by each segment without allocation of central administrative expenses (including fees to China Merchants China Investment Management Limited (the "**Investment Manager**")), interest income on bank deposits and certain other gains. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment. No separate segment revenue (i.e. investment income) is disclosed as it had been presented in the computation of segment (loss) profit.

6. SEGMENTAL INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	30 June 2020 *(unaudited)* *US$*	31 December 2019 *(audited)* *US$*
Segment assets		
Financial services	**495,312,168**	522,812,932
Culture, media and consumption	**87,982,393**	104,105,646
Information technology	**96,037,860**	76,518,883
Total assets for reportable segments	**679,332,421**	703,437,461
Others	**21,843,581**	26,340,987
Unallocated	**37,303,525**	64,254,412
Consolidated assets	**738,479,527**	794,032,860
Segment liabilities		
Financial services	**114,109**	87,975
Culture, media and consumption	**404,855**	437,920
Information technology	**454,135**	299,916
Total liabilities for reportable segments	**973,099**	825,811
Others	**4,500,430**	4,664,572
Unallocated	**136,224,940**	139,492,235
Consolidated liabilities	**141,698,469**	144,982,618

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than assets of non-reportable segments, certain other receivables and prepayments, cash and cash equivalents, and all liabilities are allocated to reportable segments other than liabilities of non-reportable segments, certain other payables, dividend payable, current and deferred tax liabilities.

During the period, the Group was principally involved in investing in companies with significant business involvement in the PRC, and hence no geographical information in relation to the investing activities is presented.

7. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2020	2019
	(unaudited)	*(unaudited)*
	US$	*US$*
(Loss) profit before taxation has been arrived at after charging (crediting):		
Investment Manager's management fee (note 18(a))	**5,255,960**	5,610,708
Net foreign exchange loss (gain)	**77,733**	(62,816)

8. TAXATION

	Six months ended 30 June	
	2020	2019
	(unaudited)	(unaudited)
	US$	*US$*
The tax credit (charge) for the period comprises:		
Current tax:		
PRC Enterprise Income Tax	**(12,833)**	(86,948)
Withholding tax for distributed earnings	**(116,347)**	(133,246)
Deferred taxation (note 13)		
Current period	**11,881,967**	(32,323,687)
Total	**11,752,787**	(32,543,881)

No provision for taxation in Hong Kong has been made as the Company and its subsidiaries do not have assessable profits for both periods. PRC Enterprise Income Tax in the PRC is calculated at the rates prevailing in the relevant regions.

Under the Law of the PRC on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries.

9. BASIC (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the following data:

	Six months ended 30 June	
	2020	2019
	(unaudited)	*(unaudited)*
(Loss) profit for the purpose of basic (loss) earnings per share (US$)	**(34,882,589)**	111,397,899
Number of ordinary shares for the purpose of basic (loss) earnings per share	**152,333,013**	152,333,013
Basic (loss) earnings per share (US$)	**(0.229)**	0.731

No diluted (loss) earnings per share for both periods were presented as there were no potential ordinary shares outstanding to the both period ends.

10. OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2020	31 December 2019
	(unaudited)	*(audited)*
	US$	*US$*
Dividend receivable	**2,657,853**	897,007
Interest receivable	**39,690**	91,986
Other receivables and prepayments	**14,322**	19,392
Total	**2,711,865**	1,008,385

11. OTHER PAYABLES

	30 June 2020	31 December 2019
	(unaudited)	*(audited)*
	US$	*US$*
Partial consideration received on disposal of investment	**4,252,002**	4,300,335
Management fee payable	**2,704,612**	2,699,988
Business tax payable	**19,607,487**	19,607,487
Other payables	**691,802**	930,956
Total	**27,255,903**	27,538,766

12. DIVIDEND PAYABLE

A dividend payment of US$10,663,311 (2018: US$25,896,613), being a final dividend of US$0.07 per share (2018: a final dividend of US$0.07 per share and special dividends of US$0.10 per share, totaling US$0.17 per share), for the year ended 31 December 2019 was approved by the shareholders on 28 May 2020 and was subsequently paid by the Company in cash on 27 July 2020.

13. DEFERRED TAXATION

The following is the deferred tax liability recognised by the Group and movements thereon during the current and prior periods:

	Unrealised capital gains for investments (Note) *US$*	Undistributed earnings of PRC subsidiaries *US$*	Total *US$*
Balance at 1 January 2019 (audited)	65,174,988	18,345,827	83,520,815
Charged to profit or loss for the period	28,342,153	3,981,534	32,323,687
Exchange differences	(465,848)	(30,689)	(496,537)
Balance at 30 June 2019 (unaudited)	93,051,293	22,296,672	115,347,965
Charged (credited) to profit or loss for the period	1,199,098	(135,958)	1,063,140
Exchange differences	(885,651)	(266,475)	(1,152,126)
Balance at 31 December 2019 (audited)	**93,364,740**	**21,894,239**	**115,258,979**
Credited to profit or loss for the period	**(9,493,435)**	**(2,388,532)**	**(11,881,967)**
Exchange differences	**(1,018,536)**	**(246,080)**	**(1,264,616)**
Balance at 30 June 2020 (unaudited)	**82,852,769**	**19,259,627**	**102,112,396**

Note: Deferred taxation has been provided for in the condensed consolidated financial statements in respect of the unrealised capital gains for investments based on the tax rate of capital gain tax in the PRC or local income tax rate in Hong Kong or the PRC, whichever is applicable.

At the end of the reporting period, the Group has unused tax losses of US$7.36 million (31 December 2019: US$3.61 million) available for offsetting against future profits. Included in unrecognised tax losses are losses of US$2.47 million (31 December 2019: US$0.37 million that will expire in 2024) that US$2.10 million and US$0.37 million will expire in 2025 and 2024, respectively. Other tax losses may be carried forward indefinitely.

No deferred tax asset has been recognised in relation to tax losses due to the unpredictability of future relevant taxable profit against which the tax losses can be utilised and deductible temporary difference is nil (31 December 2019: Nil).

14. SHARE CAPITAL OF THE COMPANY

	Number of shares	*US$*
Issued and fully paid:		
At 31 December 2019, 1 January and 30 June 2020 – Ordinary shares with no par value	**152,333,013**	**139,348,785**

15. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the following data:

	30 June 2020 *(unaudited)*	31 December 2019 *(audited)*
Net asset value (US$)	**596,781,058**	649,050,242
Number of ordinary shares in issue	**152,333,013**	152,333,013
Net asset value per share (US$)	**3.918**	4.261

16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial liabilities designated at FVTPL as at 30 June 2020 were related to the sub-participation agreements (the "**Sub-participation Agreements**") entered into between the Company and the participants in respect of certain of the Group's investments which are classified as financial assets at FVTPL categorised in Level 1 or Level 3. The classification and fair value of the Sub-participation Agreements are associated directly with these underlying investments and their valuation details are set out in note 3. As at 30 June 2020 and 31 December 2019, the financial liabilities designated at FVTPL are classified as non-current liabilities and presented in the condensed consolidated statement of financial position.

Pursuant to the Sub-participation Agreements, the participants will receive a portion of the return (in the form of dividends, interest, or other distributions or proceeds from realisation) from the Group's investment in the project companies that is proportional to the amount provided by the participants to the Group as a percentage of the total Group's investment in the project companies. If the Group suffers a loss from its investment in the project companies, the participants will correspondingly share a loss in the amount they provided to the Group on a pro rata basis. In general, the Sub-participation Agreements would be terminated upon the realisation of the Group's investment in the project companies. Details of the Sub-participation Agreements are disclosed in the section of Investment Manager's Discussion and Analysis and under the heading of Sub-participation Scheme.

17. COMMITMENTS

At the end of the reporting period, the Group had commitments as follows:

(a) On 31 October 2014, the Group entered into a joint venture agreement in relation to Guangxi Xinhua Preschool Education Investment Corporation Limited ("**Xinhua Preschool Education**"), pursuant to which the Group agreed to make a capital contribution of RMB90 million (equivalent to approximately US$13.40 million) in total by installment into the capital of Xinhua Preschool Education in return for a 30% interest in Xinhua Preschool Education. As at 30 June 2020, the Group has injected RMB30 million (equivalent to approximately US$4.90 million) (31 December 2019: RMB30 million, equivalent to approximately US$4.90 million) into Xinhua Preschool Education and classified the investment as a financial asset at FVTPL under non-current assets.

(b) On 25 April 2016, the Group entered into a joint venture agreement in relation to Yunnan Jinlanmei International Travel Investment Development Co., Ltd. ("**Jinlanmei Travel**"), pursuant to which the Group agreed to make a capital contribution of RMB20 million (equivalent to approximately US$2.91 million) in total by installment into the capital of Jinlanmei Travel in return for a 20% interest in Jinlanmei Travel. As at 30 June 2020, the Group has injected RMB10 million (equivalent to approximately US$1.49 million) (31 December 2019: RMB10 million, equivalent to approximately US$1.49 million) into Jinlanmei Travel and classified the investment as a financial asset at FVTPL under non-current assets.

(c) On 6 December 2016, the Group entered into a partnership agreement in relation to Anhui Iflytek Venture Capital LLP ("**Iflytek Venture Capital**"), pursuant to which the Group agreed to make a capital contribution of RMB90 million (equivalent to approximately US$13.27 million) in total by installment into the capital of Iflytek Venture Capital in return for a 14.95% interest in Iflytek Venture Capital. As at 30 June 2020, the Group has injected RMB81 million (equivalent to approximately US$11.99 million) (31 December 2019: RMB76.5 million, equivalent to approximately US$11.34 million) into Iflytek Venture Capital and classified the investment as a financial asset at FVTPL under non-current assets. Subsequent to the reporting period, the Group completed the remaining capital contribution of RMB9 million (equivalent to US$1.29 million) to Iflytek Venture Capital.

18. RELATED PARTY TRANSACTIONS

The Company has appointed the Investment Manager for managing both listed and unlisted investments. Certain Directors of the Company are also Directors and/or shareholders of the Investment Manager.

During the six months ended 30 June 2020, the Group has incurred the following related party transactions:

(a) Management fees totaling US$5,255,960 (six months ended 30 June 2019: US$5,610,708) were paid or accrued to the Investment Manager. The fee is calculated based on a fixed percentage on the value of the Group's adjusted assets on a quarterly basis as stipulated in the Investment Management Agreement (Note).

The amount due to the Investment Manager included in other payables in the condensed consolidated statement of financial position as at 30 June 2020 was US$2,734,107 (31 December 2019: US$2,740,492). Amount due to the Investment Manager is unsecured, interest free and is repayable on demand.

(b) Securities brokerage commission fee totaling US$448 (six months ended 30 June 2019: US$7,416) was paid to a subsidiary of a substantial shareholder of the Company who has significant influence over the Company.

(c) Pursuant to the Sub-participation Agreements, the financial liabilities of the Group with Mr. ZHANG Rizhong, Mr. WANG Xiaoding and Mr. TSE Yue Kit, who are Directors of both the Company and the Investment Manager, as at 30 June 2020, were US$30,314, US$244,183 and US$27,882, respectively (31 December 2019: US$19,938, US$231,276 and US$23,755, respectively). Moreover, the financial liability of the Group with Mr. LAW Hung Kuen, Janson, a Director of the Investment Manager, was US$31,565 (31 December 2019: US$21,225).

Note: These related party transactions also constitute continuing connected transactions and are disclosed in accordance with Chapter 14A of the Listing Rules.

19. COMPENSATION TO KEY MANAGEMENT PERSONNEL

Other than management fees paid or accrued to the Investment Manager, there is no compensation to key management personnel for both interim periods.

Deloitte. 德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of China Merchants China Direct Investments Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 2 to 22, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
28 August 2020

INVESTMENT MANAGER'S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

China Merchants China Direct Investments Limited and its subsidiaries (the "**Fund**") recorded a loss attributable to equity shareholders of US$34.88 million for the six months ended 30 June 2020, compared to a profit attributable to equity shareholders of US$111.40 million for the same period last year. The reversal was mainly due to a decline in the overall value of the financial assets at FVTPL (the "**Financial Assets**"), resulting in the recognition of a loss, rather than a gain as in the prior period. As of 30 June 2020, the net assets of the Fund (net of the final dividend of US$10.66 million for 2019, paid in July 2020) were US$596.78 million (31 December 2019: US$649.05 million), with a net asset value per share of US$3.918 (31 December 2019: US$4.261).

The net loss on the Financial Assets for the period was US$47.91 million, compared to a net gain of US$145.54 million for the same period last year. The listed and unlisted investments recorded net loss of US$31.89 million and US$16.02 million, respectively.

Total investment income for the period increased by 70.19% to US$6.11 million (six months ended 30 June 2019: US$3.59 million) as compared to the same period last year, due mainly to an increase in dividend and distribution income from investments.

ACQUISITIONS AND DISPOSALS OF INVESTMENTS

In the first half of 2020, the Fund continued to seek out and rigorously evaluate investment opportunities. During the period, the Fund completed its investment in an artificial intelligence (AI) medical project and made investments in a financial payment project and a new energy project.

On 4 December 2019, the Fund entered into a share transfer agreement and other relevant agreements in relation to China UnionPay Co., Ltd. ("**China UnionPay**"), pursuant to which the Fund agreed to acquire a 0.17% equity interest in China UnionPay from an existing shareholder at a price of RMB220 million. The Fund remitted the consideration of RMB220 million (equivalent to US$31.12 million) on 27 April 2020 and the equity transfer was duly completed on 1 June 2020. China UnionPay is a leading enterprise in the financial payment industry.

On 27 December 2019, the Fund entered into an equity transfer agreement in relation to Anhui iFlytek Healthcare Information Technology Co., Ltd. ("**iFlytek Healthcare**"), pursuant to which the Fund agreed to acquire a 3% equity interest in iFlytek Healthcare from an existing shareholder, Anhui Iflytek Venture Capital LLP, at a price of RMB60 million. The Fund remitted the consideration of RMB60 million (equivalent to US$8.60 million) on 31 December 2019 and the equity transfer was duly completed on 27 February 2020. iFlytek Healthcare is an AI medical enterprise.

During the month of January 2020, the Fund acquired 14.46 million shares of Panda Green Energy Group Limited ("**Panda Green**") at an average price of HK$0.241 per share on the Hong Kong secondary stock market, for an aggregate invested amount of HK$3.49 million (equivalent to US$0.45 million). Panda Green is an enterprise that focuses on the investment and operation of solar power plants.

In addition, the Fund disposed of and exited from one investment in the period.

On 26 May 2020, the Fund entered into an equity transfer agreement in relation to Jiangsu Huaer Quartz Materials Co., Ltd. ("**Jiangsu Huaer**"), pursuant to which the Fund agreed to transfer its entire 7.50% equity interest in Jiangsu Huaer to an assignee designated by the de facto controller of Jiangsu Huaer at a price of RMB1.96 million. The Fund received the transfer price on 28 May 2020 and the equity transfer was duly completed on 24 June 2020. Based on the carrying value of Jiangsu Huaer at the end of 2019, the Fund made an accounting profit of US$0.08 million on the disposal in the first half of 2020.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND COMMITMENTS

The Fund's cash and cash equivalents decreased by 42.56%, from US$64.14 million at the end of last year to US$36.84 million (representing 4.99% of the Fund's total assets) as of 30 June 2020, due mainly to the remittance of consideration with respect to the China UnionPay project during the period.

As of 30 June 2020, the Fund had no outstanding bank loans (31 December 2019: Nil).

As of 30 June 2020, the Fund had commitments of US$11.20 million (31 December 2019: US$44.56 million) for investments that were approved but not yet provided for in the financial statements – specifically, for future payments related to investments in Guangxi Xinhua Preschool Education Investment Corporation Limited, Yunnan Jinlanmei International Travel Investment Development Co., Ltd. and Anhui Iflytek Venture Capital LLP.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the Fund's investments are located in China where the official currency is the Renminbi ("**RMB**"). The conversion rate of RMB against the US dollar recorded a decrease of 1.14% in the first half of 2020, which had a negative impact on the Fund since it holds a considerable amount of assets denominated in RMB. The Fund currently does not have any foreign currency hedging policy. However, the Fund continues to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES

Other than a qualified accountant whose remuneration package is determined and borne by the Investment Manager, the Fund has no employees. The Investment Manager handles the portfolio and day-to-day administration of the Fund.

THE PORTFOLIO

As of 30 June 2020, the Fund's total investments amounted to US$698.52 million. The sector distribution of investments was US$492.66 million in financial services (representing 66.75% of the Fund's total assets), US$87.98 million in culture, media and consumption (11.92%), US$96.04 million in information technology (13.01%), and US$21.84 million in other ventures (including manufacturing, energy and resources, and education, etc.) (2.97%). In addition, cash and cash equivalents were US$36.84 million, representing 4.99% of the Fund's total assets as of 30 June 2020.

REVIEW OF INVESTMENTS

The following table shows the major investment projects held by the Fund as at 30 June 2020:

Name of projects	Location of headquarters	Main business	Listed (Stock Exchange)/ unlisted	Carrying value	Percentage of total assets	Percentage of net assets
				US$ million	*%*	*%*
Financial Services:						
#1. China Merchants Bank Co., Ltd.	Shenzhen, Guangdong	Banking	Shanghai Stock Exchange	264	35.74	44.20
#2. China Credit Trust Co., Ltd.	Beijing	Trust management	Unlisted	167	22.60	27.96
#3. JIC Leasing Co., Ltd.	Beijing	Finance leasing	Unlisted	23	3.06	3.79
4. China Reinsurance (Group) Corporation	Beijing	Reinsurance	Hong Kong Stock Exchange	7	0.93	1.15
#5. China UnionPay Co., Ltd.	Shanghai	Financial payment	Unlisted	31	4.23	5.22
6. China Media (Tianjin) Investment Management Co., Ltd.	Tianjin	Fund management	Unlisted	1	0.19	0.23
			Sub-total:	**493**	**66.75**	**82.55**
Culture, Media & Consumption:						
#7. China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership)	Shanghai	Media investment	Unlisted	28	3.78	4.68
8. NBA China, L.P.	Beijing	Sports marketing	Unlisted	4	0.56	0.69
9. Unibank Media Group Inc.	Beijing	Indoor media	Unlisted	—	—	—
10. Oriental Pearl Media Co., Ltd.	Shanghai	Multimedia	Shanghai Stock Exchange	6	0.86	1.06
11. Yunnan Jinlanmei International Travel Investment Development Co., Ltd.	Xishuangbanna, Yunnan	Travel	Unlisted	1	0.09	0.12
#12. Rong Bao Zhai Culture Co., Ltd.	Beijing	Artwork marketing	Unlisted	44	5.89	7.29
13. Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd.	Xining, Qinghai	Travel	Unlisted	5	0.74	0.91
			Sub-total:	**88**	**11.92**	**14.75**

Name of projects	Location of headquarters	Main business	Listed (Stock Exchange)/ unlisted	Carrying value US$ million	Percentage of total assets %	Percentage of net assets %
Information Technology:						
14. Xi'an Jinpower Electrical Co., Ltd.	Xi'an, Shaanxi	Power grid monitoring system	New Third Board Note	1	0.10	0.13
#15. Anhui Iflytek Venture Capital LLP	Hefei, Anhui	Information technology investment	Unlisted	11	1.53	1.89
#16. Iflytek Co., Ltd.	Hefei, Anhui	Intelligent speech technology	Shenzhen Stock Exchange	36	4.89	6.05
17. Ningbo Meishan Free Trade Port Area Jiangmen Venture Capital LLP	Beijing	Information technology investment	Unlisted	5	0.61	0.76
#18. Cambricon Technologies Corporation Limited	Beijing	Artificial intelligence chips	Unlisted	9	1.28	1.58
#19. Pony AI Inc.	Fremont, California	Autonomous driving	Unlisted	21	2.90	3.59
20. Arashi Vision Inc.	Shenzhen, Guangdong	360-degree video products	Unlisted	4	0.55	0.67
21. Anhui iFlytek Healthcare Information Technology Co., Ltd.	Hefei, Anhui	Artificial intelligence medical	Unlisted	9	1.15	1.42
			Sub-total:	**96**	**13.01**	**16.09**
Others:						
(i) Manufacturing:						
22. Shenzhen Geesun Intelligent Technology Co., Ltd.	Shenzhen, Guangdong	Production equipment for lithium ion batteries	Unlisted	2	0.32	0.39
23. Hwagain Group Co., Ltd.	Nanning, Guangxi	Printing paper & tissue paper	Unlisted	5	0.72	0.89
(ii) Energy & Resources:						
24. Wuhan Rixin Technology Co., Ltd.	Wuhan, Hubei	Solar energy	New Third Board Note	2	0.26	0.33
25. Panda Green Energy Group Limited	Hong Kong	Renewable energy	Hong Kong Stock Exchange	0	0.03	0.04
(iii) Education:						
26. Guangxi Xinhua Preschool Education Investment Corporation Limited	Nanning, Guangxi	Preschool education	Unlisted	8	1.05	1.30
			Sub-total:	**17**	**2.38**	**2.95**
			Total:	**694**	**94.06**	**116.34**

 # Ten largest investments of the Fund as of 30 June 2020

Note: New Third Board means National Equities Exchange and Quotations

China Merchants Bank Co., Ltd. ("CMB") is China's first joint-stock commercial bank, with its headquarters in Shenzhen, Guangdong and with its shares listed on the Shanghai Stock Exchange since 2002 and on the Hong Kong Stock Exchange since 2006. As of 30 June 2020, the Fund held 55.20 million A shares of CMB, accounting for 0.219% of the total issued share capital of CMB, with a corresponding investment cost of RMB154.61 million (equivalent to US$19.79 million). In July 2020, the Fund received a cash dividend of RMB66.24 million from CMB for 2019.

On 30 April 2020, CMB announced that its unaudited net profit for the first quarter of 2020 was RMB27.8 billion, up 10.12% year-over-year.

On 23 June 2020, CMB's capital plan targets for 2020-2022 were approved by the shareholders meeting of CMB as follows: within the planning period, the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and total capital adequacy ratio shall reach and be maintained at levels greater than 9.5%, 10.5% and 12.5%, respectively. On 9 July 2020, with the consent of both the China Banking and Insurance Regulatory Commission (the "**CBIRC**") and the People's Bank of China, CMB completed the issuance of write-down undated capital bonds of RMB50 billion, which will be used to replenish its other tier-one capital in accordance with applicable laws and approval by regulatory authorities and, upon the occurrence of the triggering events specified in the offering documents, to absorb any loss by means of a write-down, whether in whole or in part.

In the first half of 2020, the Fund did not dispose of any A shares of CMB.

China Credit Trust Co., Ltd. ("CCT") was established in 1995, with its headquarters in Beijing. The principal activities of CCT are trust management, fund management, investments and loan financing. It is the first trust company with a full range of licenses for international business in the Chinese trust industry. As of 30 June 2020, the Fund held a 6.94% equity interest in CCT, with a total investment cost of US$50.49 million. In June 2020, CCT declared a cash dividend for 2019, and the Fund is entitled to receive a total of US$1.47 million (pre-tax) from CCT.

For the first half of 2020, CCT recorded an unaudited net profit of RMB628 million, up 63.76% year-over-year. During the period, the company recorded a decrease in interest income, but an increase in income from commissions and handling fees, as compared to the same period last year. In addition, the company recorded a reversal of asset impairment during the period, as compared to a loss on asset impairment for the same period last year. Investment income saw significant increases as compared to the same period last year. The increase in CCT's unaudited net profit for the first half of 2020 as compared to the same period last year was mainly attributable to the significant increase in the share of investment income from its associates and joint ventures, as well as to a decrease in interest expense.

As a result of the outbreak of the novel coronavirus, it is expected that new business development by CCT in 2020 will be delayed. For example, the due diligence to be conducted in certain locations by CCT for non-standard businesses such as real estate business have been disrupted due to the epidemic, the prospective construction or sale of real estate projects cannot be commenced as scheduled, and project approval cycles have been lengthened.

Currently, among its traditional businesses, the real estate trust business is the primary source of income and profit for CCT, while the inter-financial institution business and securitised asset business also contributed to a certain extent. CCT has been striving to optimise its income structure. Over the past few years, CCT has successfully increased its income from the trust business as a percentage of total income, and from the trust active management business as well. In order to ensure the on-going development of the company, CCT has steadily pushed ahead with innovative transformations and has continued to develop businesses such as trust services for standardised products, small and micro finance, securitised assets and international business, with encouraging results.

It is learnt that the CBIRC has continued to strengthen its regulation of real estate financing and has further required that the real estate trusts managed by trust companies may not grow beyond their size as of 31 December 2019. This measure has restrained the growth of CCT's real estate trust business and has increased the urgency to pursue the development of new lines of business.

In July 2020, CCT won the "Innovation Leadership Award" and "Best Asset Securitisation Trust Product Award" at the 13th "Credit Trust" Awards hosted by the Shanghai Securities News.

JIC Leasing Co., Ltd. ("JIC Leasing") was established in Beijing in 1989, and is a leading independent finance leasing firm in China, principally engaged in finance leasing for businesses in a wide range of industries, including information technology; high-end equipment manufacturing; and healthcare, environmental protection and new energy. The Fund invested RMB246 million (equivalent to US$38.78 million) in October 2015 for a 6.46% equity interest in JIC Leasing.

During the first half of 2020, JIC Leasing continued to operate its business in a conservative manner, both managing risks and assisting in the prevention and control of the novel coronavirus epidemic. On balance, business operations remained relatively stable during this time. Furthermore, internal preparations for the proposed capital increase in JIC Leasing by its largest shareholder have been completed and submitted to the Beijing Local Financial Supervision and Administration for approval. For the first half of 2020, JIC Leasing recorded a double-digit decline in its unaudited net profit as compared to the same period last year.

JIC Leasing submitted the materials to apply for an initial public offering (IPO) with the China Securities Regulatory Commission (the "**CSRC**") in early May 2017. JIC Leasing is still in queue for review by the CSRC, now among the next 10 companies to be reviewed for listing on the Main Board of the Shanghai Stock Exchange.

China Reinsurance (Group) Corporation ("China Re") originated from The People's Insurance Company of China, founded in 1949 as the first insurance company to be established in New China, with its headquarters in Beijing. It was listed on the Hong Kong Stock Exchange in October 2015. As currently the largest local reinsurance group in China, the business of China Re spans reinsurance, insurance, asset management, insurance brokerage, and insurance media. During the periods of November to December 2015 and of February to April 2016, respectively, the Fund acquired 67.24 million H shares of China Re at an average price of HK$2.23 per share on the Hong Kong secondary stock market, for an aggregate invested amount of HK$150 million (equivalent to US$19.31 million). As of 30 June 2020, the Fund held 67.24 million H shares of China Re, accounting for 0.158% of the total issued share capital of China Re. In August 2020, the Fund received a cash dividend (net of tax) of HK$2.91 million from China Re for 2019.

On 30 March 2020, China Re announced that its audited net profit for 2019 was RMB6.05 billion, up 62.19% year-over-year. The primary reasons for the increase in net profit were a rise in investment income and improvements in underwriting performance as compared to last year, along with the inclusion of income from a newly acquired business.

China UnionPay Co., Ltd. ("China UnionPay") was established in March 2002, with its headquarters in Shanghai. It is a leading enterprise in the financial payment industry and is responsible for the construction and operation of a nationwide unified inter-bank information exchange network for bank cards, the provision of professional services related to inter-bank information exchange for bank cards, the management and operation of the "UnionPay" brand name, and the formulation of business specifications and technical standards for inter-bank transactions for bank cards. The Fund invested RMB220 million (equivalent to US$31.12 million) in June 2020 for a 0.17% equity interest in China UnionPay.

China UnionPay was recognised as a "High-tech Enterprise" for several consecutive years and the UnionPay E-commerce and E-Payment National Engineering Laboratory is currently the only national engineering laboratory in the finance industry in China, which undertakes a series of national-level key scientific research projects such as national cloud computing demonstration project and national science and technology support plan.

China Media (Tianjin) Investment Management Co., Ltd. ("China Media Management") was established in Tianjin, with registered capital of RMB60 million. The Fund invested RMB4.62 million (equivalent to US$0.68 million) in April 2010 for a 7.70% equity interest in China Media Management. As the general partner and investment manager of China Media Investment (see the section on China Media Investment below), China Media Management is responsible for defining and executing the investment strategy for China Media Investment, as well as for managing their operations.

Through the end of June 2020, the Fund has actually received a total cash distributions of RMB10.45 million from China Media Management, representing approximately 227% of the amount invested by the Fund.

During the investment period, China Media Management helped China Media Investment to successfully invest in several benchmark projects, and to successfully dispose of the projects of OCJ (東方購物), Shanghai Jade East Propagation Co., Ltd. and Renren Inc. In addition, it helped IMAX China Holding, Inc. ("**IMAX China**") to successfully list on the Hong Kong Stock Exchange, and to subsequently sell all of the IMAX China shares that were held. Presently, China Media Management is actively assisting with exit arrangements for three projects, including Star China.

China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership) ("China Media Investment") was established in Shanghai, and is the first fund in the culture and media sector approved for registration by the National Development and Reform Commission. Its total capitalisation is RMB2 billion. China Media Investment has an investment horizon of 10 years (Note: With the consent of all limited partners, the investment horizon has been extended two years in order to meet the exit requirements of the projects held). The scope of investment for China Media Investment includes major projects in broadcasting and media publishing, animation and creative media. China Media Management, in which the Fund has an interest, is the general partner and investment manager of China Media Investment. China Media Investment has entered into the investment exit period.

In April 2010, the Fund agreed to make a capital investment of RMB200 million by installment in China Media Investment. From June 2010 through 30 June 2020, the Fund has made successive capital injections into China Media Investment for a cumulative actual investment of RMB158.66 million (equivalent to US$24.76 million), representing 79.33% of the total investment of RMB200 million committed by the Fund.

Through the end of June 2020, the Fund has actually received a total cash distributions of RMB237 million from China Media Investment, representing approximately 149% of the cumulative actual amount invested by the Fund.

By the end of June 2020, China Media Investment had completed a full exit from four projects, while continuing to hold three projects, namely Star China, Shanghai Oriental DreamWorks Co., Ltd. ("**Oriental DreamWorks**") and Beijing Weiying Technology Co., Ltd. ("**Weiying**"). Of these, Shanghai Canxing Culture Media Co., Ltd., the domestic operating entity of Star China, has submitted the materials to apply for an IPO with the CSRC by the end of December 2018 and its application to be listed on the Chinext of the Shenzhen Stock Exchange is in queue for review. Next, with respect to the exit from Oriental DreamWorks, China Media Investment transferred part of its equity interest in Oriental DreamWorks to CMC Inc. in December 2019 and the transaction was duly completed in the first quarter of 2020. The consideration for the equity transfer was also distributed to the limited partners in April 2020. And lastly, a plan for the disposal of the equity interest in Weiying is now being implementing.

NBA China, L.P. ("NBA China") is a limited liability partnership incorporated in the Cayman Islands in 2007. NBA China conducts all of the NBA's businesses in the Greater China Region, including television broadcasting rights, advertising, sponsorships, events, digital media, and merchandising, among other new businesses. The original investment by the Fund in 2008 was US$23 million, representing a 1% partnership interest in NBA China. The Fund subsequently received partial returns of capital from NBA China in 2013, 2016 and 2017, respectively, for a total amount of US$23 million, representing a full recovery of the capital invested in NBA China by the Fund. As of 30 June 2020, the Fund held a 1% partnership interest in NBA China. The Fund received total cash distributions from NBA China of US$1.83 million in January and February 2020, respectively.

In early October 2019, the general manager of the NBA Rockets posted a controversial tweet about Hong Kong on Twitter, which stirred wide debate in China and harmed the image of the NBA, at least temporarily. As a result of this incident, CCTV Sports Channel (CCTV5) of the China Media Group reached a decision to suspend immediately the broadcast of NBA games in China, a policy that is still in effect to date. In addition, several partners of NBA China made public announcements in which they terminated or suspended cooperation with the NBA.

The online platform Tencent Sports also suspended the broadcast of NBA preseason games (China) in October 2019, but the broadcast of certain NBA games has now resumed.

Upon discovery of confirmed cases of the novel coronavirus among NBA players, the NBA announced on 11 March 2020 that the current NBA season will be suspended. Subsequently, the NBA announced on 26 June 2020 that NBA games this year were to resume on 30 July 2020.

On 16 April 2020, the NBA announced a multi-year partnership with Microsoft, pursuant to which Microsoft will become the official AI partner and the official cloud services and laptop partner of the NBA starting with the 2020/21 season. In collaboration with NBA Digital, a company jointly operated and managed by the NBA and Turner Sports, Microsoft will create a new groundbreaking D2C (direct-to-consumer) platform to offer next-generation customised competition broadcasts and other content services by utilising machine learning and AI technology.

On 12 May 2020, the NBA announced that Mr. Michael Ma was appointed as the chief executive officer of NBA China as of 1 June 2020. Mr. Michael Ma is senior management with outstanding achievements in the sports and entertainment industry. He has extensive experience in the building and management of international media brands and has worked with the NBA for over 10 years.

Unibank Media Group Inc. ("Unibank Media") was established in Beijing in 2011 as an operating entity following a merger and reorganisation, and is principally engaged in commercial advertising through its video display network in banking service outlets across China. The Fund made a total investment of RMB75 million (equivalent to US$10.98 million) in one of its predecessors, Inbank Media (China) Co., Ltd. ("**Inbank Media**"), in June 2009 and February 2010, and held a 14.51% equity interest in Inbank Media. After the completion of the reorganisation as well as a capital increase by Inbank Media in 2011, the Fund held a 7.62% equity interest in Unibank Media. In September 2015, certain existing shareholders of Unibank Media increased their capital position in the company by cash of RMB75 million. The Fund's equity interest in Unibank Media was diluted to 7.09%, accordingly.

For the first half of 2020, no substantial improvement was recorded for Unibank Media's business and the company continued to operate at a loss, due in part to the outbreak of the novel coronavirus, coupled with the company's reliance on a single client for orders.

Oriental Pearl Media Co., Ltd. ("Oriental Pearl") is a new operating entity formed following a merger and reorganisation with BesTV New Media Co., Ltd. ("**BesTV**"), a listed company under Shanghai Media Group Ltd. ("**SMG**"), and Shanghai Oriental Pearl (Group) Co., Ltd., formerly also a listed company, along with the injection of relevant advertising, content production and new media assets by SMG, its largest shareholder, before being renamed to Oriental Pearl from BesTV. The restructuring was completed in June 2015. Oriental Pearl will push forward with the integration and development of traditional and emerging media and become the sole resource consolidation and listing platform for SMG, as well as an all-media and whole-industry chain platform company, spanning content production, cloud services and value-added advertising services. At the same time, Oriental Pearl will draw on its media business as a foundation for growth, adopt the Internet TV business as a strategic point of entry, convert its audiences to users, cash in on data traffic, build an Internet media-based ecosystem, business model and system structure, and strive to develop into a new type of media group with the highest market value, communication capability, credibility and influence. In May 2015, the Fund invested RMB120 million (equivalent to US$19.62 million), through a partnership entity, in Oriental Pearl for a beneficial ownership of 3.70 million A shares. As of 30 June 2020, the Fund beneficially owned a total of 4.81 million A shares of Oriental Pearl, as a result of the receipt of 1.11 million new shares via a capitalisation issue from Oriental Pearl in 2018, accounting for 0.141% of the issued share capital of Oriental Pearl.

On 26 August 2020, Oriental Pearl announced that its unaudited net profit for the first half of 2020 was RMB1.0 billion, down 5.49% year-over-year. The primary reasons for the decrease in net profit were a decrease in investment income as compared to the same period last year as well as the impact of the novel coronavirus epidemic.

Yunnan Jinlanmei International Travel Investment Development Co., Ltd. ("Jinlanmei Travel") was established in Mengla County, Xishuangbanna Dai Autonomous Prefecture, Yunnan in 2016, with registered capital of RMB100 million. Based in Yunnan, Jinlanmei Travel will seek to establish a global presence and engage broadly in the operation of tourism and shipping within the territorial waters of the Lancang/Mekong River. Jinlanmei Travel was established jointly by the Fund and Shanghai-listed Yunnan Metropolitan Real Estate Development Co., Ltd., among others, with stakes of 20% and 35%, respectively. In October 2016, the Fund completed the first capital contribution of RMB10 million (equivalent to US$1.49 million) to Jinlanmei Travel.

Jinlanmei Travel faced some new challenges during the first half of 2020 that have hindered its growth to some extent. First, the domestic tourism industry has been stagnant, due largely to the outbreak of the novel coronavirus. Then, in addition, travel is being limited to once per week throughout 2020 due to new regulations affecting certain navigation channels in the Lancang River. In response, the company has been taking steps to manage risks posed by the epidemic, while investing in its marketing programs and expanding its business offerings into the field of wedding photography, in an effort to broaden its customer base and develop new revenue streams for the company.

Rong Bao Zhai Culture Co., Ltd. ("Rong Bao Zhai Culture") was established in Beijing in December 2015. Its main businesses include the sale of art supplies, handicrafts, calligraphy artwork, framed calligraphy artwork, and carving artwork, as well as the sponsorship of art exhibits and cultural/artistic exchange activities. In addition, Rong Bao Zhai Culture will be an important business development platform for its controlling shareholder, Rong Bao Zhai, in the future. The Fund agreed to advance cash of RMB300 million in total to Rong Bao Zhai Culture for a period of 5 years, with the right to convert the loan into an equity interest in Rong Bao Zhai Culture during the term of the loan, subject to the fulfillment of certain precedent conditions. In December 2016 and April 2017, the Fund disbursed RMB200 million (equivalent to US$28.86 million) and RMB100 million (equivalent to US$14.50 million), respectively, amounting to RMB300 million (equivalent to US$43.36 million) in aggregate.

During the first half of 2020, Rong Bao Zhai and its branches across the country were greatly affected by the outbreak of the novel coronavirus, but were able to gradually re-open beginning in April 2020. However, a second wave of the outbreak in Beijing during June brought a relatively significant negative impact on the company again. In considering a range of factors, including government policy and consumer sentiment, it may be some time before Rong Bao Zhai Culture is able to resume its normal business operations.

Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd. ("Qinghai Lake Tourism") was established in Xining, Qinghai in 2008. It is a tourism operator with a focus on Qinghai Lake, a national 5A-class scenic spot, and is principally engaged in product development, business operations and provision of services related to tourism in Qinghai Lake and the surrounding regions. The Fund agreed to advance cash of RMB200 million in total to Qinghai Lake Tourism for a period of 3 years, with the right to convert the loan into an equity interest in Qinghai Lake Tourism during the term of the loan, subject to the fulfillment of certain precedent conditions. In August and September 2017, the Fund disbursed RMB50 million (equivalent to US$7.50 million) and RMB150 million (equivalent to US$22.93 million), respectively, amounting to RMB200 million (equivalent to US$30.43 million) in aggregate. Pursuant to a supplemental agreement dated 9 May 2019, Qinghai Lake Tourism undertook to repay a loan of RMB190 million in aggregate to the Fund by 30 June 2019, while the Fund retains the right to recover the outstanding loan of RMB10 million from Qinghai Lake Tourism, as well as to convert an amount up to RMB200 million into equity shares of Qinghai Lake Tourism during the joint-stock restructuring of Qinghai Lake Tourism. As of 30 June 2020, the Fund has received aggregate loan repayments of RMB200 million from Qinghai Lake Tourism, representing a full recovery of the loan disbursed by the Fund.

For the first half of 2020, due to the outbreak of the novel coronavirus, the number of tourists visiting the scenic spot has decreased significantly. Presently, Qinghai Lake Tourism is taking active measures to reduce costs and expenses and will increase its efforts in promoting the scenic spot to attract tourists after the epidemic has passed.

Xi'an Jinpower Electrical Co., Ltd. ("Jinpower Electrical") was established in Xi'an, Shaanxi in 2001 and is a high technology enterprise principally engaged in the research and development, and production, of intelligent online monitoring systems for transmission lines and substation equipment for the power grid. The stock of Jinpower Electrical was listed for trading on the New Third Board in January 2016. The Fund invested RMB20 million (equivalent to US$3.03 million) in January 2011 and held 2.89 million shares in Jinpower Electrical as of 30 June 2020, accounting for 4.83% of the issued share capital of Jinpower Electrical.

On 24 April 2020, Jinpower Electrical announced that its audited net loss for 2019 was RMB9.76 million, as compared to a net profit of RMB4.16 million (including an extraordinary item) for last year. The reversal was mainly due to the disposal of a subsidiary for a gain on sale in last year. If the extraordinary item was excluded, the loss sustained in 2019 was actually lower than in last year.

Despite the severe impact of the novel coronavirus outbreak in the first quarter of 2020, starting from April 2020, the company gradually resumed its normal operations and production. The company actively participated in a trial run of the Ubiquitous Electric Power Internet of Things (IoT) project and began to collaborate with Huawei on the project in areas such as intelligent video surveillance and control system for transmission lines and monitoring system for power tunnels, both based on Huawei's AI technology. In addition, in response to new infrastructure development by the State Grid Corporation of China, the company is optimising the functionality of its products to meet market requirements, laying a sound foundation for sales growth in the second half of the year.

Anhui Iflytek Venture Capital LLP ("Iflytek Venture Capital") was established in Hefei, Anhui in December 2015, with an investment horizon of 7 to 9 years and with a fund size of RMB602 million. Its major investment targets are industries related to the Internet and applications of artificial intelligence (AI) in China, primarily to areas including education, healthcare, tourism, motor vehicles, Internet of Things (IoT), smart hardware, information security, e-commerce, interactive entertainment, smart toys, robotics and Internet advertising. The general partner and investment manager of Iflytek Venture Capital is Wuhu Iflytek Investment Management LLP, which is responsible for defining and executing the investment strategy for Iflytek Venture Capital, as well as for managing their operations. The Fund has committed to subscribe to an aggregate of RMB90 million by installment, for a 14.95% interest in Iflytek Venture Capital. In December 2016, August 2017, April 2018, January 2019, March 2020 and July 2020, the Fund completed capital contributions of RMB36 million (equivalent to US$5.19 million), RMB13.50 million (equivalent to US$2.01 million), RMB13.50 million (equivalent to US$2.15 million), RMB13.50 million (equivalent to US$1.99 million), RMB4.50 million (equivalent to US$0.65 million) and RMB9 million (equivalent to US$1.29 million) to Iflytek Venture Capital, respectively, representing an aggregate of RMB90 million (equivalent to US$13.28 million) or 100% of the subscription amount committed by the Fund. In addition, through the end of June 2020, the Fund received cash distributions from Iflytek Venture Capital in a cumulative amount of RMB23.47 million.

Through the end of June 2020, Iflytek Venture Capital has made investments in a total of twenty-five projects, including one new investment made in the first half of 2020. In March 2020, the transfer of another 1% stake of an existing shareholding in iFlytek Healthcare project was completed, with a post-investment valuation of RMB2 billion. Currently, Iflytek Venture Capital still maintains a 19.18% equity interest in iFlytek Healthcare. Another project completed was a repurchase by the founder at an annualised interest rate of 10% in June 2020. Furthermore, one project of Iflytek Venture Capital has applied for an IPO on the Chinext in Mainland China, one project is planning to carry out a reorganisation for listing by the end of 2020, and three other projects are planning to apply for listing.

Iflytek Co., Ltd. ("Iflytek") was established in 1999 and is headquartered in Hefei, Anhui. It was listed on the SME Board of the Shenzhen Stock Exchange in May 2008. It is a national key software enterprise dedicated to the research of intelligent speech, language technologies, and AI technologies; the development of software and chip products; the provision of speech information services; and the integration of e-government systems. During the period of November to December 2016, the Fund acquired 4.54 million A shares of Iflytek at an average price of RMB19.09 (adjusted) per share on the secondary stock market of Mainland China with an aggregate invested amount of RMB130 million (equivalent to US$18.83 million). As of 30 June 2020, the Fund held a total of 6.81 million A shares of Iflytek, as a result of the receipt of 2.27 million new shares via a capitalisation issue from Iflytek in 2018, accounting for 0.310% of the issued share capital of Iflytek. In June 2020, the Fund received a cash dividend (net of tax) of RMB0.65 million from Iflytek for 2019.

On 22 August 2020, Iflytek announced that its unaudited net profit for the first half of 2020 was RMB258 million, up 36.28% year-over-year. The primary reason for the increase in net profit was that although there was a delay in progress related to the implementation, delivery, inspection and acceptance of the company's projects in the first quarter of 2020, due primarily to the outbreak of the novel coronavirus, which in turn affected the schedule of income recognition and receipt of receivables, the company, following the steady implementation of online bidding in early March, coupled with accelerated development of its all lines of business which are driven by AI core technologies, won the bids in the first half of 2020 with total contract value increased by 119%, as compared to the same period last year.

Ningbo Meishan Free Trade Port Area Jiangmen Venture Capital LLP (the "Jiangmen Ventures Fund") was established in Ningbo, Zhejiang in September 2016, with an investment horizon of 5 to 7 years and with a total fund subscription amount of RMB410 million (presently, the paid-in capital amounted to RMB262 million). Its major investment targets are chiefly early-stage business ventures related to machine intelligence, Internet of Things (IoT), natural user interface, and enterprise computing. The general partner and investment manager of the Jiangmen Ventures Fund is Jiangmen Capital Management (Beijing) Co., Ltd., which is responsible for defining and executing the investment strategy for the Jiangmen Ventures Fund, as well as for managing their operations. The Fund completed a capital contribution of RMB30 million (equivalent to US$4.74 million) in January 2018, representing 11.45% of the paid-in capital of the Jiangmen Ventures Fund as of 30 June 2020. In addition, through the end of June 2020, the Fund received cash distributions from the Jiangmen Ventures Fund in a cumulative amount of RMB5.47 million.

Through the end of June 2020, the Jiangmen Ventures Fund has made investments in nineteen projects for a total of RMB230 million. Of these, additional investments totaling RMB11.78 million were made in three projects during the first half of 2020. Another two projects completed new rounds of financing during the first half of 2020 and their respective valuations have increased significantly, as compared to the previous round.

Cambricon Technologies Corporation Limited (formerly, CAS Cambricon Technology Co., Ltd., "Cambricon") was established in 2016 in Beijing. The company grew out of a research and development project of the Smart Chips Research Group at the Institute of Computing Technology, Chinese Academy of Sciences, and is a high technology company that focuses on the research, development and design of AI chips. In June 2018, the Fund, via a partnership entity, invested approximately RMB38 million (equivalent to US$5.94 million) and held a 0.229% beneficial equity interest in Cambricon as of 30 June 2020.

On 23 June 2020, Cambricon received approval from the CSRC for its application regarding IPO registration on the Shanghai Sci-Tech Board. Then, on 14 July 2020, Cambricon announced the details of the issuance: the number of new shares issued was 40.10 million (accounting for 10.02% of the total share capital after the issuance), the issue price was RMB64.39 per share, and the gross proceeds raised was RMB2.58 billion. The Fund beneficially held 0.823 million shares in Cambricon, accounting for 0.206% of its issued share capital upon listing. The shares of Cambricon beneficially held by the Fund are subject to a lock-up period of one year, expiring in July 2021.

Pony AI Inc. ("Pony AI") was established in Silicon Valley, the United States, in December 2016 and is a research and development company that focuses on technology solutions for autonomous driving. In July 2018, the Fund invested US$8 million for a 0.889% equity interest in Pony AI. In April 2019, the Fund exercised its anti-dilution rights and invested US$0.61 million in Pony AI during a new round of equity financing, with the equity interest remaining unchanged after the investment. As such, the Fund has invested a total of US$8.61 million and held a 0.889% equity interest in Pony AI. In March 2020, Pony AI completed another round of equity financing led by Toyota Motor of Japan, with a post-investment valuation of US$3 billion. The Fund's equity interest in Pony AI was diluted to 0.724%, accordingly.

Through the end of June 2020, Pony AI has recorded an accumulated total autonomous driving distance of over 2.5 million kilometres. The increase was mainly attributable to a significant increase in fleet scale, the geographic area of the test-run zone, the daily operating hours and operating efficiency. In the first half of 2020, Pony AI conducted testing within an area of over 100 square kilometres in the Haidian District and the Yizhuang District in Beijing, with over 100 pick-up points in the Yizhuang District. In Guangzhou, the company has a coverage area of over 200 square kilometres across Nansha, as well as the route connecting Nansha to the Baiyun Airport, with over 200 pick-up points. Across the cities of Fremont and San Francisco in northern California and the city of Irvine in southern California, the company has a coverage area of nearly 170 square kilometres. During the outbreak of the novel coronavirus, Pony AI collaborated with Yamibuy.com, the largest shopping platform for Asian goods in North America, to jointly provide residents in Irvine, California with a service for the autonomous, contact-free "last-mile" delivery of goods.

Arashi Vision Inc. ("Arashi Vision") was established in Shenzhen, Guangdong in September 2014 and is striving to become a global leader engaged in the research, development and manufacture of 360-degree video products. The Fund invested RMB20 million (equivalent to US$2.83 million) and RMB10 million (equivalent to US$1.44 million) in September and November 2019, respectively, bringing the Fund's total investment in Arashi Vision to RMB30 million (equivalent to US$4.27 million), for a 1.625% equity interest in the company.

Arashi Vision convened an inaugural meeting of the joint-stock limited company on 18 January 2020, at which it is conveyed that an application for listing on the Shanghai Sci-Tech Board is expected to be made in September 2020, and that the company has now entered into a black-out period for listing. Moreover, the company has officially changed its name from "Shenzhen Arashi Vision Co., Ltd." to its present name on 26 February 2020.

Anhui iFlytek Healthcare Information Technology Co., Ltd. ("iFlytek Healthcare") was established in the High-tech Development Zone, Hefei, Anhui in 2016. iFlytek Healthcare is a startup AI medical enterprise. The Fund invested RMB60 million (equivalent to US$8.60 million) in February 2020 for a 3% equity interest in iFlytek Healthcare.

In response to the need of combating the novel coronavirus epidemic and to capture the development trend in the industry, during the first half of 2020, iFlytek Healthcare joined hands with Iflytek, its parent company, to provide free services for "suspending classes without suspending learning" program through its AI online education and learning platform, to assist in the screening of patients at medical institutions at a grassroots level through the AI-aided medical diagnosis system of SmartDoctor Assistant at no cost, and to assist relevant departments in conducting work in relation to the prevention, control and screening of the epidemic through smart phone robots.

On 30 April 2020, iFlytek Healthcare won a bid for a trial project of the 2019 Medical and Healthcare Institution Capacity Building (Family Doctor Clinical Service Capacity Building), with a contract value of RMB23.16 million.

Shenzhen Geesun Intelligent Technology Co., Ltd. ("Geesun Intelligent") was established in Shenzhen, Guangdong in 2006 and is a leading professional manufacturer of production equipment and automated production lines for lithium ion batteries and super capacitors in China. Its name was changed to Shenzhen Geesun Zhiyun Technology Co., Ltd. in April 2015 as a result of an acquisition and capital increase, and was further changed to its present name as a result of a transfer of its entire equity interest by its then controlling shareholder to CAS Investment Management Co., Ltd., then the second largest shareholder, in October 2016. The Fund invested RMB20 million (equivalent to US$2.93 million) in May 2010. The Fund's equity interest in Geesun Intelligent was diluted from 5.32% to 5.31%, subsequent to a new round of capital increase in March 2020.

In the first half of 2020, Geesun Intelligent adhered to its business strategy, adopted the previous year, with a focus on customer restructuring. The company has been enhancing cooperation with top-tier lithium battery plants, while focusing on the research and development of next-generation thermal compound stacking machines. Presently, Geesun Intelligent's new product testing has been recognised by top-tier lithium battery plants in China and the company has received several large orders from customers in testing. It is expected that the number of orders to be received by the company will increase gradually in the future. Due to an expected significant increase in orders, Geesun Intelligent is currently facing tight funding and has initiated a new round of financing, which is currently underway. Geesun Intelligent recorded an unaudited net loss of RMB32.83 million for the first half of 2020, which was due mainly to the relatively long testing period by customers for new products and, as a result, income from the orders has not yet been recognised.

Hwagain Group Co., Ltd. ("Hwagain") was formed by the merger of two paper manufacturers located in Nanning, Guangxi in 1998. It is principally engaged in the research and development, production, and sale of high quality printing paper and tissue paper. The Fund invested RMB119.99 million (equivalent to US$19.00 million) in January 2012 for a 7.10% equity interest in Hwagain.

In the first half of 2020, due to the outbreak of the novel coronavirus, instability and uncertainty in the paper manufacturing industry increased, along with heightened market volatility. However, Hwagain's operations remained relatively stable and were not significantly affected by the epidemic as a whole. As such, the company has significant capacity to resume growth when the economy recovers. The company recorded an unaudited net loss of RMB10.70 million for the first half of 2020, as compared to a net profit of RMB83 million for the same period last year.

Wuhan Rixin Technology Co., Ltd. ("Wuhan Rixin") was established in Wuhan, Hubei in 2001 and is a state-accredited high technology enterprise engaged in the design, production and installation of solar modules and Building Integrated Photovoltaic (BIPV) products, as well as in the operation, maintenance and management of solar powered electric systems. The stock of Wuhan Rixin was listed for trading on the New Third Board in February 2016. The Fund invested RMB15 million (equivalent to US$2.20 million) in July 2009. As of 30 June 2020, the Fund held a total of 4.95 million shares in Wuhan Rixin, as a result of the receipt of 1.65 million new shares via a capitalisation issue from Wuhan Rixin in May 2019, accounting for 4.24% of the issued share capital of Wuhan Rixin.

In the first half of 2020, as affected by the outbreak of the novel coronavirus, Wuhan Rixin has yet to resume production or construction in full gear. Presently, Wuhan Rixin is striving primarily to reduce its costs and expenses, with a plan to expedite project construction after the epidemic has passed. On 21 August 2020, Wuhan Rixin announced that its unaudited net profit for the first half of 2020 was RMB26.13 million, up 309.68% year-over-year. The primary reasons for the increase in net profit were the completion of two photovoltaic power plant projects and recognised as sales, along with the reduction in selling expenses as well as management expenses during the period.

Panda Green Energy Group Limited ("Panda Green") was incorporated in Bermuda in 2000, with its headquarters in Hong Kong. It is an enterprise that focuses on the investment and operation of solar power plants, and was listed on the Hong Kong Stock Exchange in April 2000. During the month of January 2020, the Fund acquired 14.46 million shares of Panda Green at an average price of HK$0.241 per share on the Hong Kong secondary stock market, accounting for 0.064% of the issued share capital of Panda Green, for an aggregate invested amount of HK$3.49 million (equivalent to US$0.45 million).

On 25 August 2020, Panda Green announced that its audited net loss for 2019 was RMB3.28 billion, as compared to a net loss of RMB451 million last year. The loss was mainly due to an impairment charge for intangible assets under the annual impairment assessment, a loss on disposal of certain subsidiaries, and an impairment charge for accounts receivable and property and equipment. Panda Green and its affiliates own sixty-one solar power plants with a total installed capacity of approximately 1,979 MW in China. As the result of a new photovoltaic policy introduced in May 2018, the centralised photovoltaic power stations currently held by Panda Green have become quality resources.

A resolution to change the company's name was approved by the shareholders meeting of Panda Green on 3 August 2020, pursuant to which the company's name has been changed from "Panda Green Energy Group Limited (熊貓綠色能源集團有限公司)" to "Beijing Energy International Holding Co., Ltd. (北京能源國際控股有限公司)" in order to better reflect the new corporate image.

Guangxi Xinhua Preschool Education Investment Corporation Limited ("Xinhua Preschool Education") was established in Nanning, Guangxi in 2014, with registered capital of RMB300 million. Xinhua Preschool Education is based in Guangxi and is dedicated to investing in the preschool education sector, as well as supplying cultural and educational products. Xinhua Preschool Education was jointly established by the Fund and Guangxi Xinhua Bookstore Group Share Corporation Limited, with stakes of 30% and 70%, respectively. In December 2014, the Fund completed the first capital contribution of RMB30 million (equivalent to US$4.90 million).

Xinhua Preschool Education sustained an unaudited net loss of RMB4.80 million for the first half of 2020, which was deeper than for the same period last year.

Affected by the outbreak of the novel coronavirus, the spring semester, which was scheduled to start in February 2020, was delayed and then gradually resumed in May. The shortened spring semester had a relatively significant impact on income and operation of kindergartens.

As of the end of June 2020, among the kindergarten projects operated by Xinhua Preschool Education, six have officially commenced operations. In addition, a total of three projects, namely Xinhua Kindergarten in Port District, Fangchenggang, Liuzhou Sunshine 100 Nursery School and Liuzhou Evergrande Cinema Nursery School, are still under construction.

PROSPECTS

Against the backdrop of the worldwide spread of the novel coronavirus epidemic and depressed economic environment, China's economy saw a recovery to a steadier state in the first half of 2020. As shown in the data published by the National Bureau of Statistics of China, the Purchasing Managers' Index (PMI) was 50.9% in June 2020, up 0.3 percentage points over the previous month and above the 50% threshold for four months in a row, indicating a steady recovery of the manufacturing industry in China.

Looking ahead to the second half of the year, in the absence of a large-scale rebound of the epidemic, it is expected that the recovery of the China's economy will be faster than that of Europe and the United States, which is mainly attributable to the fact that China managed to combat the epidemic earlier than the United Stated and European region, and that the supply side of the China's economy will recover at a faster pace than the demand side in the second half of the year. Under the active guidance of the Central Government, as of the end of May 2020, almost 100% of the country's larger industrial enterprises have resumed operations and about 91% of small-and-medium enterprises have resumed operations as well. Recently, the Central Government has placed strong emphasis on the "six guarantees," including guarantees for employment, basic livelihood and market participants, all of which have demonstrated the efforts made to develop the supply side (for instance, the opening up of the street-vendor economy is seen to facilitate a recovery of the supply side).

Although no Gross Domestic Product (GDP) growth target has been mentioned for this year in the government work report for 2020, the GDP growth target has been, objectively, incorporated into fiscal and monetary policy, which will encourage China to focus more on objectives such as boosting domestic demand, working well with the "six stabilities" and "six guarantees," carrying out supply-side structural reforms, and facilitating high-quality development.

Meanwhile, under the influence of the epidemic and limited policy options available for major countries, the global economy will slow significantly and may record negative growth for the first time since the Second World War. Given the uncertainties in the external environment, China's economy will inevitably be affected to a certain degree. Given that China's economic growth in 2020 is expected to be affected by the epidemic and continues to show signs of slowing, and that its economic restructuring is in a critical period, it is expected that the operating results of the investment projects (mainly operating in China) held by the Fund will be impacted to a certain degree.

In the work report for 2020, the Central Government has proposed objectives such as "to implement strategies to boost domestic demand and to accelerate the transformation of economic development modes." As such, the AI industry and new-type infrastructure construction will continue to receive greater support from government policies, as well as more attention from capital markets. With the advent of the big data era, along with improvements in algorithms and enhancements in the accuracy of unsupervised learning, AI may enter a period of rapid growth in which "big data + AI" will profoundly change the structure of traditional industries. It is here that the Fund will continue to seek out the best opportunities for investment.

In this environment, where challenges and opportunities co-exist, the Fund will continue to make every effort to identify new investment projects, and our investment focus will be on the financial industry with an emphasis on the insurance sector, on emerging technology industries featuring AI, on great cultural industry with an emphasis on culture and tourism, and on great healthcare industry with an emphasis on medicine and healthcare, as we seek to optimise our mix of investments in order to create greater shareholder value.

SUB-PARTICIPATION SCHEME

In order to strengthen the investment management process, and to align the interests of management and staff with the interests of the Fund in entering new investment projects, the Investment Manager, with the consent of the Fund, has administered the sub-participation scheme (the "**Scheme**") since 2009.

Under the Scheme, the Fund has entered into sub-participation agreements (the "**Agreements**") with certain Directors of the Fund, certain Directors and employees of the Investment Manager, and persons nominated by shareholders of the Investment Manager (collectively the "**Participants**"), with respect to new investments made by the Fund beginning in 2009. Pursuant to the Agreements, the Participants will receive a portion of the return (in the form of dividends, interest, or other distributions or proceeds from realisation) from the Fund's investment in the project company that is proportional to the amount provided by the Participants to the Fund as a percentage of the total Fund's investment in the project company. If the Fund suffers a loss from its investment in the project company, the Participants will correspondingly share a loss in the amount they provided to the Fund on a pro rata basis. The Agreements will terminate upon either the realisation of the investment in the project company by the Fund, or upon the Investment Manager, who provides a guarantee to the Participants for the performance of the Fund's obligations under the Agreements, ceasing to be investment manager of the Fund. In the former case, the Participants shall receive a pro rata portion of the proceeds from disposal of the Fund's interest in the project company. In the latter case, the Participants will receive a pro rata portion of the value of the equity interest in the project company held by the Fund as of 90 days prior to the termination date of the Agreements. The value of the equity interest in the project company will be assessed by an independent valuer appointed jointly by the Fund and the Investment Manager. In addition, the costs and expenses incurred for the preparation and execution of the Agreements, the costs incidental to the implementation of the Scheme, and the relevant portion of the identifiable costs related to the Fund's investment in the project company that corresponds to the amount provided by the Participants to the Fund under the Agreements will be borne by the Investment Manager.

Under the Scheme, it was originally determined that the aggregate amount provided by the Participants in each of the Fund's new investment projects should not exceed 2% of the Fund's investment in each project (the "**Ceiling of Relative Proportion**"). In order to further strengthen the investment management process, with the consent of the Fund and starting from 26 August 2011, the Ceiling of Relative Proportion for each of the Fund's new investment projects is revised as follows: 1) for projects with an investment amount of RMB30 million or less, the Ceiling of Relative Proportion will be 5%; 2) for projects with an investment amount of more than RMB30 million and up to RMB100 million, the Ceiling of Relative Proportion will be RMB1.50 million or 2%, whichever is higher; and 3) for projects with an investment amount of more than RMB100 million, the Ceiling of Relative Proportion will be 2%.

As of 30 June 2020, details of aggregate amounts actually provided by the Participants and their relative proportion to the investment amounts actually paid by the Fund were as follows:

Name of projects	Original investment amount of the Fund *US$**	Original amounts actually paid by the Participants *US$**	Relative proportion
Unibank Media (1st round capital injection)	6,585,600	129,000	1.959%
Wuhan Rixin	2,195,500	43,900	2.000%
Unibank Media (2nd round capital injection)	4,394,100	87,500	1.991%
China Media Management	676,100	4,500	0.666%
Geesun Intelligent	2,929,500	58,000	1.980%
China Media Investment (1st installment capital contribution)	5,858,300	38,800	0.662%
Jinpower Electrical	3,033,500	60,300	1.988%
China Media Investment (2nd installment capital contribution)	953,500	6,100	0.638%
Hwagain	19,004,900	161,100	0.847%
China Media Investment (3rd installment capital contribution)	1,075,300	6,200	0.575%
China Media Investment (4th installment capital contribution)	4,566,600	26,300	0.577%
Chengtian	4,733,300	74,100	1.566%
China Media Investment (5th installment capital contribution)	484,900	2,800	0.580%
China Media Investment (6th installment capital contribution)	5,555,100	32,200	0.579%
China Media Investment (7th installment capital contribution)	3,352,500	18,900	0.562%
China Media Investment (8th installment capital contribution)	2,055,100	11,500	0.559%
China Media Investment (9th installment capital contribution)	859,600	4,830	0.562%
Xinhua Preschool Education (1st installment capital contribution)	4,898,200	28,400	0.580%
Oriental Pearl	19,619,100	255,510	1.302%
JIC Leasing	38,781,800	65,810	0.170%
China Re	19,308,300	41,290	0.214%
Jinlanmei Travel (1st installment capital contribution)	1,489,000	14,180	0.952%

Name of projects	Original investment amount of the Fund *US$**	Original amounts actually paid by the Participants *US$**	Relative proportion
Iflytek	18,827,500	33,500	0.178%
Iflytek Venture Capital (1st installment capital contribution)	5,193,900	9,270	0.178%
Rong Bao Zhai Culture (1st installment capital contribution)	28,855,000	86,790	0.301%
Rong Bao Zhai Culture (2nd installment capital contribution)	14,505,400	43,240	0.298%
Iflytek Venture Capital (2nd installment capital contribution)	2,008,800	3,480	0.178%
Qinghai Lake Tourism (1st installment capital contribution)	7,502,800	9,590	0.128%
Qinghai Lake Tourism (2nd installment capital contribution)	22,927,700	28,800	0.126%
Iflytek Venture Capital (3rd installment capital contribution)	2,146,800	3,480	0.178%
The Jiangmen Ventures Fund	4,741,800	20,470	0.432%
Cambricon	5,940,100	90,480	1.523%
Pony AI (1st round capital injection)	8,000,000	35,680	0.446%
Iflytek Venture Capital (4th installment capital contribution)	1,991,910	3,480	0.178%
Pony AI (2nd round capital injection)	607,270	10,200	1.680%
Arashi Vision	4,268,200	26,820	0.632%
iFlytek Healthcare	8,600,700	48,790	0.567%
Panda Green	449,210	11,580	2.577%
Iflytek Venture Capital (5th installment capital contribution)	646,170	1,160	0.178%
China UnionPay	31,116,080	51,610	0.166%

* *Calculated with prevalent exchange rates at the time of the amounts paid*

In addition, as of 30 June 2020, details of the amounts actually paid by some of the Directors of the Fund as well as a Director of the Investment Manager for the Scheme were as follows:

Name of projects	**Mr. ZHANG Rizhong** (Note 1) *US$*	**Mr. WANG Xiaoding** (Note 2) *US$*	**Mr. TSE Yue Kit** (Note 3) *US$*	**Mr. LAW Hung Kuen, Janson** (Note 4) *US$*
Unibank Media (1st round capital injection)	N/A	20,640	1,290	N/A
Wuhan Rixin	N/A	3,510	1,290	N/A
Unibank Media (2nd round capital injection)	N/A	6,950	1,290	N/A
China Media Management	N/A	1,160	30	N/A
Geesun Intelligent	N/A	5,780	1,290	N/A
China Media Investment (1st installment capital contribution)	N/A	10,040	250	N/A
Jinpower Electrical	N/A	6,030	1,280	N/A
China Media Investment (2nd installment capital contribution)	N/A	1,570	40	N/A
Hwagain	N/A	12,880	1,290	N/A
China Media Investment (3rd installment capital contribution)	N/A	1,710	40	N/A
China Media Investment (4th installment capital contribution)	N/A	7,260	180	N/A
Chengtian	N/A	6,440	1,290	N/A
China Media Investment (5th installment capital contribution)	N/A	780	20	N/A
China Media Investment (6th installment capital contribution)	N/A	8,880	220	N/A
China Media Investment (7th installment capital contribution)	N/A	5,200	130	N/A
China Media Investment (8th installment capital contribution)	N/A	3,170	80	N/A
China Media Investment (9th installment capital contribution)	N/A	1,330	30	N/A
Xinhua Preschool Education (1st installment capital contribution)	N/A	4,310	440	N/A
Oriental Pearl	N/A	38,870	1,390	N/A
JIC Leasing	N/A	12,900	1,290	N/A

Name of projects	Mr. ZHANG Rizhong (Note 1) *US$*	Mr. WANG Xiaoding (Note 2) *US$*	Mr. TSE Yue Kit (Note 3) *US$*	Mr. LAW Hung Kuen, Janson (Note 4) *US$*
China Re	N/A	12,900	1,290	1,290
Jinlanmei Travel (1st installment capital contribution)	N/A	3,220	640	640
Iflytek	N/A	12,890	1,290	1,290
Iflytek Venture Capital (1st installment capital contribution)	N/A	6,440	1,290	1,290
Rong Bao Zhai Culture (1st installment capital contribution)	N/A	8,590	860	860
Rong Bao Zhai Culture (2nd installment capital contribution)	N/A	4,290	420	420
Iflytek Venture Capital (2nd installment capital contribution)	N/A	970	190	190
Qinghai Lake Tourism (1st installment capital contribution)	640	3,200	320	320
Qinghai Lake Tourism (2nd installment capital contribution)	1,920	9,600	960	960
Iflytek Venture Capital (3rd installment capital contribution)	N/A	970	190	190
The Jiangmen Ventures Fund	1,280	3,840	1,280	1,280
Cambricon	6,370	22,940	1,270	1,270
Pony AI (1st round capital injection)	1,270	6,370	1,270	2,550
Iflytek Venture Capital (4th installment capital contribution)	N/A	970	190	190
Pony AI (2nd round capital injection)	1,280	1,280	1,280	1,280
Arashi Vision	1,280	3,830	1,280	2,550
iFlytek Healthcare	6,420	19,260	1,280	5,140
Panda Green	1,290	1,290	1,290	1,290
Iflytek Venture Capital (5th installment capital contribution)	N/A	320	60	60
China UnionPay	3,870	12,900	1,290	3,870

Note 1: Director of the Fund and Chairman of the Investment Manager
Note 2: Director of the Fund and Director & General Manager of the Investment Manager
Note 3: Director of the Fund and Director of the Investment Manager
Note 4: Director of the Investment Manager

Mr. WANG Xiaoding
Director & General Manager
China Merchants China Investment Management Limited

Hong Kong, 28 August 2020

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

A dividend payment of US$10,663,311 (2018: US$25,896,613), being a final dividend of US$0.07 per share (2018: a final dividend of US$0.07 per share and special dividends of US$0.10 per share, totaling US$0.17 per share), for the year ended 31 December 2019 was approved by the shareholders on 28 May 2020 and was subsequently paid by the Company in cash on 27 July 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2020, the interests of the Directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "**SFO**") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Number of ordinary shares interested	Capacity	Percentage of total issued shares
Mr. WANG Xiaoding	64,000	Beneficial owner	0.04%
Mr. CHU Lap Lik, Victor	3,030,024	Interest of controlled corporation	1.99%

Save as disclosed above, none of the Directors or chief executives, or their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO as at 30 June 2020, and none of the Directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the six months ended 30 June 2020.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2020, the following persons, other than a Director or chief executives of the Company, had interests in the shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Name of shareholder	Long/short position	Capacity	Number of ordinary shares interested	Percentage of total issued shares
China Merchants Group Limited (Note 2)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Steam Navigation Company Limited (Note 3)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Holdings (Hong Kong) Company Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Finance Holdings Company Limited (Note 2)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Financial Services Limited (Note 2)	Long position	Interest of controlled corporation	42,022,041	27.59%
Good Image Limited	Long position	Beneficial owner	42,022,041	27.59%
Lazard Asset Management LLC	Long position	Investment manager	27,564,206	18.09%

Note 1: China Merchants Holdings (Hong Kong) Company Limited is deemed to have corporate interests in the shares by virtue of its controlling shareholding (i.e. 99.34%) in the company whose name is set out immediately under it.

Note 2: China Merchants Group Limited, China Merchants Finance Holdings Company Limited and China Merchants Financial Services Limited are deemed to have corporate interests in the shares by virtue of its entire shareholding in the company whose name is set out immediately under it.

Note 3: China Merchants Steam Navigation Company Limited is deemed to have corporate interests in the shares by virtue of its controlling shareholding (i.e. 89.45%) in the company whose name is set out immediately under it.

Save as disclosed above, there was no person, other than a Director or chief executives of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE

The condensed consolidated financial statements are unaudited, but have been reviewed by Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, whose independent review report is included in this interim report. The interim report has been reviewed by the Company's Audit Committee.

The Company has complied with all the code provisions of Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the reporting period except as stated below:

The Stock Exchange of Hong Kong Limited has granted a waiver to the Company for establishment of remuneration committee on condition that the Executive Directors and senior management of the Company will not receive any Directors' fee or emolument from the Company. Thus, no remuneration committee has been established by the Company.

Besides, owing to a business trip, the Chairman, Mr. ZHANG Jian, has given an apology for not being able to attend and chair the annual general meeting of the Company which was held on 28 May 2020.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix 10 to the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the reporting period, they have complied with the required standard set out in the Model Code regarding Directors' securities transactions.

UPDATE ON DIRECTORS' BIOGRAPHICAL DETAILS

Mr. TSANG Wah Kwong, Independent Non-executive Director of the Company, was appointed as an Independent Director of HUYA Inc., a company listed on the New York Stock Exchange, on 18 May 2020.

Save as disclosed above, there is no other information that required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By Order of the Board
Mr. ZHANG Jian
Chairman

Hong Kong, 28 August 2020