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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)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The Board of Directors (the “**Board**”) of China Merchants China Direct Investments Limited (the “**Company**”) announces that the consolidated results for the year ended 31 December 2024 of the Company and its subsidiaries (the “**Group**”) together with the 2023 comparative figures, extracted from the audited consolidated financial statements, are as follows:-

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	<u>US\$</u>	<u>US\$</u>
Net gain (loss) on financial assets at fair value through profit or loss <i>(Note 3)</i>	137,499,663	(9,028,514)
Investment income <i>(Note 4)</i>	17,788,322	19,117,038
Other gains	5,159,948	297,090
Administrative expenses	<u>(12,112,055)</u>	<u>(11,479,636)</u>
Profit (loss) before taxation	148,335,878	(1,094,022)
Taxation <i>(Note 6)</i>	<u>(27,984,564)</u>	<u>6,820,333</u>
Profit for the year	120,351,314	5,726,311
Other comprehensive income for the year		
Item that will not be reclassified subsequently to profit or loss		
Exchange difference arising on translation to presentation currency	<u>(12,633,235)</u>	<u>(8,693,665)</u>
Total comprehensive income for the year	<u>107,718,079</u>	<u>(2,967,354)</u>
Profit for the year attributable to owners of the Company	<u>120,351,314</u>	<u>5,726,311</u>
Total comprehensive income for the year attributable to owners of the Company	<u>107,718,079</u>	<u>(2,967,354)</u>
Basic earnings per share <i>(Note 7)</i>	<u>0.790</u>	<u>0.038</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	2024 US\$	2023 <i>US\$</i>
Non-current asset		
Financial assets at fair value through profit or loss	<u>770,688,567</u>	<u>599,257,512</u>
Current assets		
Financial assets at fair value through profit or loss	4,964,102	84,057,091
Other receivables and prepayments	194,801	117,520
Cash and cash equivalents	<u>30,946,711</u>	<u>8,627,649</u>
	<u>36,105,614</u>	92,802,260
Current liabilities		
Other payables	26,541,098	24,964,261
Taxation payable	<u>7,272,419</u>	<u>2,264,067</u>
	<u>33,813,517</u>	27,228,328
Net current assets	<u>2,292,097</u>	<u>65,573,932</u>
Total assets less current liabilities	<u>772,980,664</u>	<u>664,831,444</u>
Non-current liabilities		
Financial liabilities designated at fair value through profit or loss	1,153,126	1,067,166
Deferred taxation	<u>124,449,633</u>	<u>105,824,490</u>
	<u>125,602,759</u>	106,891,656
Net assets	<u>647,377,905</u>	<u>557,939,788</u>
Capital and reserves		
Share capital	139,348,785	139,348,785
Reserves	48,798,983	60,186,499
Retained profits	<u>459,230,137</u>	<u>358,404,504</u>
Equity attributable to owners of the Company	<u>647,377,905</u>	<u>557,939,788</u>
Net asset value per share (Note 8)	<u>4.250</u>	<u>3.663</u>

Notes:

1. BASIS OF PRESENTATION

The consolidated financial information has been reviewed by the Company's Audit Committee.

The consolidated financial information has been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). For the purpose of preparation of the consolidated financial information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of annual results for 2024 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2024 in due course.

The Group's then auditor has reported on those consolidated 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. APPLICATION OF AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 and relevant for the preparation of the consolidated financial information:

Amendments to HKAS 1	Presentation of financial statements – Classification of liabilities as current or non-current (2020 amendments)
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The application of above mentioned amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in this consolidated financial information.

Amendments to HKFRSs in issue but not yet effective

Up to the date of issue of this financial information, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been early adopted in this financial information. These developments include the following which may be relevant to the Group.

Amendments to HKAS 9 and HKFRS 7	Amendments to the classification and measurement of financial instruments ¹
Amendments to HKFRS	Annual improvements to HKFRS Accounting Standards – Volume 11 ¹
HKFRS 18	Presentation and disclosure in financial statements ²
HKFRS 19	Subsidiaries without public accountability: disclosures ²

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

The management anticipates that the application of the amendments to HKFRSs will have no material impact on the consolidated financial information in the foreseeable future.

3. NET GAIN (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FVTPL”)

The following is an analysis of net gain (loss) on investments of the Group for the year ended 31 December 2024. The amounts of realised gain (loss) represent the difference between the fair value at the beginning of the year or purchase date in the year and the disposal date of financial instruments while the amounts of unrealised gain (loss) represent the change of fair value during the year of financial instruments held by the Group as at the year end:

	2024 US\$	2023 US\$
Net gain (loss) on financial assets at FVTPL		
Listed investments		
Realised	-	44,889
Unrealised	102,269,061	(62,745,077)
Unlisted investments		
Realised	(92,282)	-
Unrealised	35,322,884	53,671,674
Total	<u>137,499,663</u>	<u>(9,028,514)</u>

4. INVESTMENT INCOME

	2024 US\$	2023 US\$
Interest income on bank deposits	<u>608,748</u>	<u>322,233</u>
Dividend income on financial assets at FVTPL		
Listed equity investments	15,431,368	13,729,919
Unlisted equity investments	<u>1,748,206</u>	<u>5,064,886</u>
	17,179,574	18,794,805
Total	<u>17,788,322</u>	<u>19,117,038</u>

4. INVESTMENT INCOME - CONTINUED

The following is an analysis of investment income earned on financial assets, by category of asset:

	2024 US\$	2023 US\$
Interest income for financial assets at amortised cost	608,748	322,233
Dividend income on financial assets at FVTPL	<u>17,179,574</u>	<u>18,794,805</u>
Total	<u>17,788,322</u>	<u>19,117,038</u>

5. 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; and
- (c) Information technology: investees engaged in information technology activities.

The Group also invested in manufacturing, energy and resources and medical activities (2023: manufacturing, energy and resources and medical activities), and none of these segments met the quantitative thresholds for the reportable segments in both current and prior years. Accordingly, these were grouped in "Others" during the current year.

Information regarding the above segments is reported below.

5. SEGMENTAL INFORMATION - CONTINUED

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

For the year ended 31 December 2024

	Reportable segments					
	Financial services	Culture, media and consumption	Information technology	Total reportable segments	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Net gain (loss) on financial assets at FVTPL	97,866,966	9,439,921	30,919,792	138,226,679	(727,016)	137,499,663
Dividend income on financial assets at FVTPL	15,310,581	1,651,634	217,359	17,179,574	-	17,179,574
Other gains	-	1,290,177	-	1,290,177	-	1,290,177
Segment profit (loss)	113,177,547	12,381,732	31,137,151	156,696,430	(727,016)	155,969,414
Unallocated:						
- Administrative expenses						(12,112,055)
- Interest income on bank deposits						608,748
- Other gains						3,869,771
Profit before taxation						148,335,878

For the year ended 31 December 2023

	Reportable segments					
	Financial services	Culture, media and consumption	Information technology	Total reportable segments	Others	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Net (loss) gain on financial assets at FVTPL	(66,029,160)	(11,127,621)	75,208,478	(1,948,303)	(7,080,211)	(9,028,514)
Dividend income on financial assets at FVTPL	17,449,648	836,371	508,786	18,794,805	-	18,794,805
Other gains	-	1,235,061	-	1,235,061	-	1,235,061
Segment (loss) profit	(48,579,512)	(9,056,189)	75,717,264	18,081,563	(7,080,211)	11,001,352
Unallocated:						
- Administrative expenses						(11,479,636)
- Interest income on bank deposits						322,233
- Other losses						(937,971)
Loss before taxation						(1,094,022)

Segment profit (loss) represents the net gain (loss) on financial assets at FVTPL, 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 (losses). 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 profit (loss).

5. SEGMENTAL INFORMATION - CONTINUED

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

	2024 <u>US\$</u>	2023 <u>US\$</u>
Segment assets		
Financial services	473,715,575	380,136,922
Culture, media and consumption	51,369,555	42,109,051
Information technology	<u>239,344,269</u>	<u>249,027,329</u>
Total assets for reportable segments	764,429,399	671,273,302
Others	11,223,270	12,041,301
Unallocated	<u>31,141,512</u>	<u>8,745,169</u>
Consolidated assets	<u>806,794,181</u>	<u>692,059,772</u>
Segment liabilities		
Financial services	70,971	30,682
Culture, media and consumption	60,916	80,620
Information technology	<u>951,004</u>	<u>871,540</u>
Total liabilities for reportable segments	1,082,891	982,842
Others	70,235	84,324
Unallocated	<u>158,263,150</u>	<u>133,052,818</u>
Consolidated liabilities	<u>159,416,276</u>	<u>134,119,984</u>

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, current and deferred tax liabilities.

During the year, the Group was principally involved in investing in companies with significant business involvement in the People's Republic of China ("PRC"), and hence no geographical information in relation to the investing activities is presented.

6. TAXATION

The tax (charge) credit for the year comprises:

	2024	2023
	US\$	US\$
The Company and its subsidiaries		
Current tax:		
PRC Enterprise Income Tax	(4,823,104)	(144)
Withholding tax for distributed earnings	(2,814,548)	(2,200,021)
Deferred taxation		
Current year	(20,346,912)	9,020,498
Total	<u>(27,984,564)</u>	<u>6,820,333</u>

No provision for taxation in Hong Kong has been made as the Company and its subsidiaries did not have assessable profits for both years. 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 consolidated financial information in respect of temporary differences attributable to retained profits of the PRC subsidiaries.

7. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year of US\$120,351,314 (2023: US\$5,726,311) and the number of 152,333,013 ordinary shares (2023: 152,333,013 ordinary shares) with no par value in issue during the year.

No diluted earnings per share for both years were presented as there were no potential ordinary shares outstanding at the both year ends.

8. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share at the end of the reporting period is based on the net assets of US\$647,377,905 (2023: US\$557,939,788) and 152,333,013 ordinary shares (2023: 152,333,013 ordinary shares) with no par value in issue at 31 December 2024.

DIVIDEND

The Directors declared and paid an interim dividend of US\$0.04 per share (2023: Nil) amounting to US\$6,093,321 (2023: Nil) during the year.

The Board has resolved to recommend at the forthcoming annual general meeting (AGM) to be held on 28 May 2025 the payment of a final dividend of US\$0.04 (or HK\$0.312) per share for 2024 (2023: a final dividend of US\$0.07 per share and a special dividend of US\$0.01 per share, totaling US\$0.08 per share). The final dividend, if approved, is to be payable in cash on 25 July 2025. Total dividends for the year will be US\$0.08 (or HK\$0.624) per share (2023: US\$0.08), amounting to US\$12,186,641 (2023: US\$12,186,641).

Shareholders who wish to receive the dividends in Hong Kong Dollars have to complete a Hong Kong Dollar dividend election form and return the same to the Company's Share Registrar on or before 10 July 2025. Shareholders who have submitted the dividend election form previously do not need to re-submit this form.

BOOK CLOSURE

The register of members of the Company will be closed from 23 May 2025 to 28 May 2025, both days inclusive, during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend, speak and vote at the forthcoming AGM, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 22 May 2025. Subject to the approval by shareholders at the forthcoming AGM, the final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on 3 June 2025. In order to qualify for the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at the above address not later than 4:30 p.m. on 3 June 2025.

REVIEW AND OUTLOOK

Overall Performance

The Group recorded a profit attributable to equity shareholders of US\$120.35 million for the year ended 31 December 2024, compared to a profit attributable to equity shareholders of US\$5.73 million for last year, representing an increase of US\$114.62 million or 2,000.35% – with the profit increase largely attributable to a significant rise in the overall value of the financial assets at fair value through profit or loss (the “**Financial Assets**”). As of 31 December 2024, the net assets of the Group were US\$647.38 million (31 December 2023: US\$557.94 million), with a net asset value per share of US\$4.250 (31 December 2023: US\$3.663).

The net gain on the Financial Assets for the year was US\$137.50 million, compared to a net loss of US\$9.03 million for last year. Looking deeper, the Group's listed and unlisted investments recorded net gains of US\$102.27 million and US\$35.23 million, respectively.

Total investment income for the year decreased by 6.96% to US\$17.79 million (2023: US\$19.12 million) as compared to last year, due mainly to a decrease in dividend income from investments.

Acquisitions and Exits of Investments

In 2024, the Group continued to seek out and rigorously evaluate investment opportunities. During the year, the Group made investments in the financial services industry and information technology industry. The investments completed include the following:

In September 2024, the Group acquired 2.12 million H shares of China International Capital Corporation Limited (“CICC”) at an average price of HK\$8.05 per share on the secondary stock market for an aggregate invested amount of HK\$17.06 million (equivalent to US\$2.19 million), accounting for 0.044% of the total issued share capital of CICC. CICC is a leading securities firm in China.

On 16 December 2024, the Group entered into a cornerstone investment agreement in relation to global offering of Xunfei Healthcare Technology Co., Ltd. (“**Xunfei Healthcare**”), pursuant to which the Group subscribed for the H shares of Xunfei Healthcare at the offer price (i.e. HK\$82.80), in the amount of HK\$28 million (equivalent to US\$3.61 million). According to the announcement on allotment results of Xunfei Healthcare dated 27 December 2024, the Group was allocated 338,150 H shares, accounting for 0.28% of the issued share capital of Xunfei Healthcare after its global offering. Together with the existing investment, the Group has cumulatively invested an equivalent amount of RMB136 million (equivalent to US\$20.01 million) in Xunfei Healthcare, accounting for 3.506% of the issued share capital of Xunfei Healthcare.

In addition, the Group did not fully exit from any investments during the year.

Liquidity, Financial Resources, Gearing and Commitments

The Group’s cash and cash equivalents increased by 258.63%, from US\$8.63 million at the end of last year to US\$30.95 million (representing 3.84% of the Group’s total assets) as of 31 December 2024, due mainly to a partial disposal of an equity interest in China UnionPay Co., Ltd. during the year.

As of 31 December 2024, the Group had no outstanding bank loans (31 December 2023: Nil).

As of 31 December 2024, the Group had no commitments (31 December 2023: Nil).

Exposure to Fluctuations in Exchange Rates and Related Hedges

Most of the Group’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 1.49% in 2024, which had a negative impact on the Group since it holds a considerable amount of assets denominated in RMB. The Group currently does not have any foreign currency hedging policy. However, the Group 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 Group has no employees. The Investment Manager handles the portfolio and day-to-day administration of the Group.

The Portfolio

As of 31 December 2024, the Group's total investments amounted to US\$775.65 million. The sector distribution of investments was US\$473.72 million in financial services (representing 58.71% of the Group's total assets), US\$51.37 million in culture, media and consumption (6.37%), US\$239.34 million in information technology (29.65%), and US\$11.22 million in other ventures (including manufacturing, energy and resources, and medical, etc.) (1.40%). In addition, cash and cash equivalents were US\$30.95 million, representing 3.84% of the Group's total assets as of 31 December 2024.

Prospects

In 2024, global economic growth was resilient enough to withstand a series of shocks, but remained below its pre-coronavirus pandemic average due to weak investment, sluggish productivity growth and high debt. The World Economic Situation and Prospects 2025 released by the United Nations notes that lower inflation and ongoing monetary easing in many economies could provide a modest boost to global economic activity in 2025. However, a considerable degree of uncertainty persists, with risks stemming from geopolitical conflicts, rising trade tensions and elevated borrowing costs in many parts of the world. Nevertheless, China's 2024 macro data showed that the national economy was generally stable and showing signs of steady progress, with many advances in high-quality economic development, especially the timely deployment of a package of incremental policies, which effectively boosted social confidence and led to a significant rebound in the economy. 2025 is the final year for implementation of the "14th Five-Year" plan, and China's overall economic growth is expected to stabilise and to show continued progress in 2025 as well. It is expected that the operating results of the investment projects (mainly operating in China) held by the Group may continue to improve.

The Central Economic Work Conference held in December 2024 set the direction for China's economic development in 2025. For 2025, efforts will be made to maintain steady economic growth, keep employment and prices generally stable, ensure basic equilibrium in the balance of payments, and promote increases in personal income in step with economic growth. Nine key tasks were mentioned in the conference. The first was to vigorously boost consumption and increase investment efficiency, while expanding domestic demand on all fronts as well. Special campaigns dedicated to stimulating consumption should be implemented. And efforts should be made to increase the incomes and alleviate the burdens of low- and middle-income groups, so as to increase their ability, willingness and level of consumption. The second was to drive the development of new-quality productivity through scientific and technological innovation, and to build a modernised industrial system. It urges the country to strengthen basic research and strive for breakthroughs in key and core technologies, adopt forward-thinking arrangements for major technological projects, and conduct large-scale demonstrations of the application of new technologies, products and scenarios. The third was to give full play to the driving role of economic system reform, and to promote the implementation of landmark reform measures effectively. The initiative to deepen and upgrade the reform of state-owned enterprises should be completed in a high-quality manner. A private sector promotion law should be rolled out. And special campaigns to standardise law enforcement involving enterprises should be conducted. The fourth was to expand high-standard opening up while keeping foreign trade and foreign investment stable.

Prospects – continued

Work should be done to expand voluntary and unilateral opening up in an orderly manner, steadily enhance institutional opening up, push to improve the quality and efficiency of pilot free trade zones and expand the mandate for reform tasks, and accelerate the implementation of core policies of the Hainan Free Trade Port. The fifth was to effectively prevent and defuse risks in key areas to ensure that no systemic risks occur. It urges the country to continue to work to reverse the downturn of the real estate market, further advance the renovation of shanty towns in cities and dilapidated houses, and fully unleash the potential in rigid and improved housing demand. The sixth was to pursue coordinated progress in new types of urbanisation and all-around rural revitalisation, and to promote integrated urban-rural development. The seventh was to strengthen the implementation of regional strategies, and to boost regional development vitality. It urges the country to enhance the innovation capabilities and radiation-driven effect of regions with economic development advantages. The eighth was to cut carbon emissions, reduce pollution and pursue green growth in a concerted manner, while ramping up the comprehensive green transition in economic and social development. It urges the country to further deepen institutional reform to promote ecologically-minded civilisation. It also urges the country to create an ecosystem for the healthy development of green and low-carbon industries, and cultivate new growth drivers including green buildings. And, lastly, the ninth was to increase the protection and improvement of people's wellbeing, and to give the people a growing sense of fulfilment, happiness and security. It urges the country to implement employment support plans for key sectors and industries, in both urban and rural communities, and for micro, small to medium-sized enterprises, as well as to facilitate employment among key groups. Given that China's economy shows both resilience and great potential, its long-term economic outlook for prosperity has not changed and the potential for investment demand remains strong. As an example, the artificial intelligence (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, as well as the rapid development of generative AI, AI enters a period of rapid growth, which will profoundly change the structure of traditional industries. It is here that the Group will continue to seek out the best opportunities for investment.

In this environment, where challenges and opportunities co-exist, the Group 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 digital finance, 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance practices are important to protect shareholders' interests and to promote investor confidence. The Company complies with the relevant requirements under the Hong Kong Companies Ordinance, the Hong Kong Securities and Futures Ordinance, the Listing Rules, the US Foreign Account Tax Compliance Act and the Common Reporting Standard. Further, the Company has complied with all the code provisions that were in force as set out in Appendix C1 to the Listing Rules (Corporate Governance Code) throughout the year under review, except for the deviations as stated below:

CORPORATE GOVERNANCE - CONTINUED

According to the Investment Management Agreement, the portfolio and day-to-day administration of the Company are handled by the Investment Manager. Meanwhile, except the qualified accountant whose remuneration package is determined and borne by the Investment Manager, the Company has no salaried employees. 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. In addition, it is suitable for the Company to hold regular Board meeting twice a year at a minimum.

The Board continues to monitor and review the Company's corporate governance practices to ensure compliance.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors and relevant employees of the Company. Having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code throughout the year under review.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement of results have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

By Order of the Board
ZHOU Xing
Chairman

Hong Kong, 28 March 2025

As at the date hereof, the Executive Directors of the Company are Mr. WANG Xiaoding and Ms. KAN Ka Yee, Elizabeth; the Non-executive Directors are Mr. ZHOU Xing, Mr. ZHANG Rizhong, Mr. KE Shifeng and Mr. TSE Yue Kit; and the Independent Non-executive Directors are Mr. TSANG Wah Kwong, Dr. LI Fang, Dr. GONG Shaolin, Mr. Michael Charles VITERI and Mr. ZHU Qi.