



# ZEAL *Voyage* China Fund

Annual Report 2023  
For the year ended 31 December 2023

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## MANAGEMENT AND ADMINISTRATION

<b>Manager</b>	Zeal Asset Management Limited Unit 1006A, 10/F Bank of America Tower 12 Harcourt Road Central Hong Kong  Telephone No.: +852 3626 9700 Fax No.: +852 3626 9736
<b>Directors of the Manager</b>	CHOI Nga Chung NGAN Wai Wah POON Chun Pong Daniel
<b>Trustee, Administrator and Registrar</b>	BOCI-Prudential Trustee Limited Suites 1501 – 1507 & 1513 – 1516, 15/F 1111 King's Road Taikoo Shing Hong Kong
<b>Custodian</b>	Bank of China (Hong Kong) Limited 14/F, Bank of China Tower 1 Garden Road Central Hong Kong
<b>Legal Counsel to the Manager</b>	Simmons & Simmons 30/F One Taikoo Place 979 King's Road Hong Kong
<b>Auditor</b>	Ernst & Young 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong

## **REPORT OF THE MANAGER**

### **Review of 2023**

2023 proved to be a volatile year for Chinese equities with various reasons that dragged down the market. Weak economic data, rising geopolitical tensions, and US interest rate hikes dampened sentiment regarding China's growth outlook.

### **First half of 2023**

The Chinese equity market experienced an uptrend in January, as confidence was bolstered by recovery signals during Chinese New Year and increased capital inflow from global investors. However, in February, the Chinese equity market saw a significant drawdown. This was primarily due to concerns over the US interest rate, a lack of solid economic data in China, and US-China friction. In March, the Chinese equity market rebounded, with gains in indices driven by individual companies in two hot investment themes. One of these themes was state-owned enterprises (SOEs), while the other was internet companies. In April, the Chinese equity market declined due to deteriorating sentiment among investors. Domestic investors were worried about the sustainability of the economic recovery but generally believed that geopolitical tensions could be contained, whereas overseas investors were just the opposite. The volatilities in April continued into May. Investors were particularly concerned about China's economic momentum, which fell short of expectations. Other factors that affected the market in May included geopolitical tensions and uncertainties surrounding the US debt ceiling.

### **Second half of 2023**

In June, the Chinese equity market rose in the first half of the month on optimism surrounding the potential easing of US-China geopolitical tensions and anticipated stimulus measures from Chinese policymakers. However, the market sentiment shifted in the second half of the month as Federal Reserve Chair Jerome Powell hinted at the possibility of future rate hikes, causing a pullback in global equity markets. In July, the Chinese equity market rallied with hopes for robust stimulus to stabilize the economy. The late July Politburo meeting adopted a notably optimistic stance when discussing the property sector. In August, although the stimulus policies failed to halt the stock market downturn in China, data had shown signs of economic stability. In September, the Chinese stock market witnessed another decline due to the surge in US bond yields. The 10-year Treasury yield hit a new high in early October, driven by the increase in US manufacturing PMI and nonfarm payrolls. In October, the Chinese stock market further decline. Faced with uncertain economic momentum, the central government announced the issuance of an additional 1 trillion RMB in sovereign bonds in late October. In November, investors largely overlooked positive developments such as RMB appreciation and the decline in the US 10-year treasury yield and instead focused on weak economic data, causing a drag on the Chinese equity indices. The Chinese equity market concluded the final month of 2023 with a muted decline. Besides the immediate shock of Moody's credit outlook cuts for China, earnings uncertainties and the subsequent elevation of the equity risk premium were the major drags on stock valuations.

## **REPORT OF THE MANAGER (continued)**

### **Outlook for 2024**

Looking ahead in 2024, our focus will be on monitoring:

- 1) The changes in supply-demand dynamics in China. We have observed a gradual recovery in external demand, as China's exports have shown sequential growth since July 2023 and returning to expansion since November 2023.
- 2) The changes in PPI. Based on historical data, the trend of PPI is correlated with the MSCI China Index, because PPI represents the supply and demand relationship in the industrial production sector. Generally speaking, when PPI is in a contractionary range, the downward pressure on the MSCI China Index is also greater. China's PPI turned negative at the end of 2022 and has been in a contractionary range for over 15 months. We will closely monitor whether PPI will have an opportunity to turn positive in 2024. If it does, it would restore confidence in the industrial sector and among investors.

### **Zeal Asset Management Limited**

16 April 2024

DISCLAIMER: This document is based on management forecasts and reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this document, we have relied upon and assumed without independent verification, the accuracy and completeness of all information available from public sources. All opinions or estimates contained in this document are entirely Zeal Asset Management Limited's judgment as of the date of this document and are subject to change without notice. Past performance is not indicative of future performance. There can be no assurance that the Fund's investment objective will be achieved and investment results may vary substantially over time. Investment in the Fund is not intended to be a complete investment program for any investor. Prospective investors should take into account their own circumstances and financial resources and carefully consider whether this investment is suitable for them personally.

## **REPORT OF THE TRUSTEE**

We hereby confirm that, in our opinion, the Manager of the Trust has, in all material respects, managed the Trust in accordance with the provisions of the Trust Deed dated 25 August 2010, the First Supplemental Deed dated 3 March 2011, the Second Supplemental Deed dated 19 September 2013, the Third Supplemental Deed dated 8 May 2014, the Forth Supplemental Deed dated 25 June 2015 and restated by the Fifth Supplemental Deed dated 25 June 2015, the Sixth Supplemental Deed dated 28 December 2016, the Seventh Supplemental Deed dated 18 May 2017 and the Eighth Supplemental Deed dated 30 December 2019 for the year ended 31 December 2023, as amended.

**BOCI-Prudential Trustee Limited**  
16 April 2024

## **INDEPENDENT AUDITOR'S REPORT**

### **To the unitholders of ZEAL Voyage China Fund**

(A unit trust established under the laws of Hong Kong)

#### **Opinion**

We have audited the financial statements of ZEAL Voyage China Fund (the "Fund") set out on pages 8 to 38, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other information included in the Annual Report**

The Trustee and the Manager of the Fund are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **To the unitholders of ZEAL Voyage China Fund**

(A unit trust established under the laws of Hong Kong)

#### **Responsibilities of Trustee and Manager for the financial statements**

The Trustee and Manager of the Fund are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the Trustee and the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee and the Manager of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee and the Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Trustee and Manager of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 25 August 2010 (the "Trust Deed") and its latest supplemental deed dated 30 December 2019 and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **To the unitholders of ZEAL Voyage China Fund**

(A unit trust established under the laws of Hong Kong)

#### **Auditor's responsibilities for the audit of the financial statements (continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee and the Manager.
- Conclude on the appropriateness of the Trustee's and the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee and the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on matters under the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code**

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed, and the disclosure requirements specified in Appendix E to the SFC Code.

Certified Public Accountants  
Hong Kong  
16 April 2024

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2023

	Notes	<b>2023</b> HKD	<b>2022</b> HKD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	9, 10	1,293,488,420	1,777,610,257
Amounts due from brokers	12	40,925,535	57,577,352
Subscription proceeds receivable		725,264	3,105,113
Interest receivable		1,771,264	200,877
Dividend receivable		4,764,604	437,580
Other receivables		401	–
Cash and cash equivalents	11	<u>92,156,108</u>	<u>117,176,339</u>
<b>TOTAL ASSETS</b>		<u>1,433,831,596</u>	<u>1,956,107,518</u>
<b>LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>			
Financial liabilities at fair value through profit or loss	9, 10	–	226,518
Amounts due to brokers	12	–	19,921,824
Redemption proceeds payable		2,715,652	8,291,105
Management fee payable	6	2,091,720	2,816,701
Trustee fee payable	6	154,836	369,440
Other accounts payable and accruals		<u>225,101</u>	<u>458,829</u>
<b>TOTAL LIABILITIES</b>		<u>5,187,309</u>	<u>32,084,417</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>1,428,644,287</u>	<u>1,924,023,101</u>

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 December 2023

	Notes	2023 HKD	2022 HKD
<b>INCOME</b>			
Dividend income		46,595,965	28,716,893
Interest income		4,556,631	5,199,226
Other income		3,944	–
		<u>51,156,540</u>	<u>33,916,119</u>
<b>EXPENSES</b>			
Management fees	6	(29,603,768)	(35,063,834)
Transaction costs	6	(7,021,428)	(8,314,554)
Brokerage fees		(5,147,406)	(7,379,005)
Trustee fees	6	(2,115,203)	(2,428,617)
Custodian fees		(554,831)	(632,122)
Legal and professional fees		(110,378)	(132,157)
Dividend withholding tax		(2,388,680)	(1,014,932)
Audit fees		(291,997)	(285,806)
Other operating expenses		(953,562)	(1,068,494)
		<u>(48,187,253)</u>	<u>(56,319,521)</u>
Net gain/(loss) before investments and exchange differences		<u>2,969,287</u>	<u>(22,403,402)</u>
<b>INVESTMENTS AND EXCHANGE DIFFERENCES</b>			
Net losses on financial assets and liabilities at fair value through profit or loss	9	(454,765,248)	(535,394,448)
Net foreign exchange differences		<u>(1,886,195)</u>	<u>(1,640,018)</u>
		<u>(456,651,443)</u>	<u>(537,034,466)</u>
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS FOR THE YEAR BEFORE DISTRIBUTION</b>			
		<u>(453,682,156)</u>	<u>(559,437,868)</u>
<b>FINANCE COST</b>			
Distributions to unitholders	7	<u>–</u>	<u>–</u>
<b>DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FROM OPERATIONS FOR THE YEAR</b>			
		<u>(453,682,156)</u>	<u>(559,437,868)</u>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

For the year ended 31 December 2023

	<b>2023</b> HKD	<b>2022</b> HKD
Net assets attributable to unitholders at the beginning of the year	1,924,023,101	2,453,341,944
Proceeds from issue of units during the year	341,502,961	399,895,357
Payment on redeemed units during the year	(383,199,619)	(369,776,332)
Decrease in net assets attributable to unitholders from operations for the year	<u>(453,682,156)</u>	<u>(559,437,868)</u>
Net assets attributable to unitholders at the end of the year	<u><u>1,428,644,287</u></u>	<u><u>1,924,023,101</u></u>

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)**

For the year ended 31 December 2023

Changes in Units Issued

	Note	2023 Units	2022 Units
<b>HKD Units Class</b>			
Units outstanding at the beginning of the year		287,034,029.5804	312,644,523.3074
Units issued during the year		19,198,657.6055	32,756,233.0802
Units redeemed during the year		<u>(67,846,971.1365)</u>	<u>(58,366,726.8072)</u>
Units outstanding at the end of the year	13	<u><u>238,385,716.0494</u></u>	<u><u>287,034,029.5804</u></u>
<b>HKD (dist) Units Class</b>			
Units outstanding at the beginning of the year		180,285,057.4825	188,705,195.7247
Units issued during the year		48,977,015.5954	12,884,201.4968
Units redeemed during the year		<u>(77,683,813.9805)</u>	<u>(21,304,339.7390)</u>
Units outstanding at the end of the year	13	<u><u>151,578,259.0974</u></u>	<u><u>180,285,057.4825</u></u>
<b>USD Units Class</b>			
Units outstanding at the beginning of the year		100,902,873.6609	96,340,073.5837
Units issued during the year		15,914,170.0833	21,894,648.5198
Units redeemed during the year		<u>(17,760,789.2502)</u>	<u>(17,331,848.4426)</u>
Units outstanding at the end of the year	13	<u><u>99,056,254.4940</u></u>	<u><u>100,902,873.6609</u></u>
<b>AUD (hedged) Units Class</b>			
Units outstanding at the beginning of the year		129,714.5602	77,951.0578
Units issued during the year		93,088.2771	233,450.3271
Units redeemed during the year		<u>–</u>	<u>(181,686.8247)</u>
Units outstanding at the end of the year	13	<u><u>222,802.8373</u></u>	<u><u>129,714.5602</u></u>
<b>RMB (hedged) Units Class</b>			
Units outstanding at the beginning of the year		87,013,811.2549	73,073,018.9506
Units issued during the year		96,861,983.0653	45,814,025.7043
Units redeemed during the year		<u>(31,656,603.7164)</u>	<u>(31,873,233.4000)</u>
Units outstanding at the end of the year	13	<u><u>152,219,190.6038</u></u>	<u><u>87,013,811.2549</u></u>

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023	2022
Note	HKD	HKD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets attributable to unitholders from operations for the year before distribution	(453,682,156)	(559,437,868)
Adjustments for:		
Interest income	(4,556,631)	(5,199,226)
Dividend income, net of withholding tax	(44,207,285)	(27,701,961)
Decrease in financial assets at fair value through profit or loss	484,121,837	540,103,186
Decrease in amounts due from brokers	16,651,817	16,567,207
(Increase)/decrease in other receivables	(401)	29,808
Decrease in financial liabilities at fair value through profit or loss	(226,518)	(87,610)
Decrease in amounts due to brokers	(19,921,824)	(16,590,003)
Decrease in management fee payable	(724,981)	(885,178)
(Decrease)/increase in trustee fee payable	(214,604)	121,808
Decrease in other accounts payable and accruals	(233,728)	(42,059)
	<u>(22,994,474)</u>	<u>(53,121,896)</u>
Interest received	2,986,244	7,785,775
Dividends received	39,880,261	28,730,944
Net cash flows from/(used in) operating activities	<u>19,872,031</u>	<u>(16,605,177)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of units	343,882,810	399,045,969
Payment on redeemed units	<u>(388,775,072)</u>	<u>(371,670,842)</u>
Net cash flows (used in)/from financing activities	<u>(44,892,262)</u>	<u>27,375,127</u>
Net (decrease)/increase in cash and cash equivalents	(25,020,231)	10,769,950
Cash and cash equivalents at beginning of year	<u>117,176,339</u>	<u>106,406,389</u>
Cash and cash equivalents at end of year	<u>92,156,108</u>	<u>117,176,339</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:</b>		
Cash at bank	11 <u>92,156,108</u>	<u>117,176,339</u>

## NOTES TO FINANCIAL STATEMENTS

### 1. THE FUND

ZEAL Voyage China Fund (the “Fund”) is a unit trust established under the laws of Hong Kong by the Trust Deed dated 25 August 2010, the First Supplemental Deed dated 3 March 2011, the Second Supplemental Deed dated 19 September 2013 and the Third Supplemental Deed dated 8 May 2014 (the “Trust Deed”) between Zeal Asset Management Limited as manager (the “Manager”) and Cititrust Limited (as the previous trustee of the Fund) amended by a Fourth Supplemental Deed dated 25 June 2015 (being the Deed of Retirement and Appointment), and as amended and restated by a Fifth Supplemental Deed dated 25 June 2015, the Sixth Supplemental Deed dated 28 December 2016, the Seventh Supplemental Deed dated 18 May 2017 and the Eighth Supplemental Deed dated 30 December 2019. By way of a deed of retirement and appointment, the Manager has appointed BOCI-Prudential Trustee Limited as the new trustee of the Fund (the “Trustee”) with effect from 27 July 2015 (the “Deed of Retirement and Appointment”). The Fund has been authorised by the Securities and Futures Commission in Hong Kong (the “SFC”) under Section 104 of the Securities and Futures Ordinance of Hong Kong and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC of Hong Kong (the “Code”). The Fund is approved by the Immigration Department in Hong Kong as one of the Eligible Collective Investment Schemes under the Capital Investment Entrant Scheme (“the Scheme”). However, the Scheme had been suspended with effect from 15 January 2015 until further notice as announced by the Hong Kong Government. With effect from 18 December 2015, the Fund has been approved by the China Securities Regulatory Commission to register as one of the northbound funds under the Mainland-Hong Kong Mutual Recognition of Funds scheme.

The Manager of the Fund is Zeal Asset Management Limited. Under the Trust Deed, the Manager is responsible for the management of the assets of the Fund. The Manager is also responsible, in conjunction with the Trustee, for the maintenance of the accounts and records of the Fund as well as certain other administrative matters relating to the Fund. As of 31 December 2023, the Fund has been notified, registered or approved (as the case may be and howsoever described) in accordance with the local law/regulations implementing the Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (the “AIFMD”) for marketing to professional investors.

The investment objective of the Fund is to generate long-term capital appreciation by primarily investing in listed equities with a China focus. The Fund will seek to achieve its investment objective primarily through exposure to companies established in China or which derive a significant proportion of their revenue from business related to China. The Fund may also invest in companies incorporated elsewhere that have significant assets, business, production, trading activity or other interests in China. The Fund obtains investment exposure to such companies primarily through investing in securities listed on The Stock Exchange of Hong Kong, the Shanghai Stock Exchange and/or the Shenzhen Stock Exchange.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 2.1 BASIS OF PREPARATION

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, that have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HKD") and all values are rounded to the nearest dollar except where otherwise indicated.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

*Standards and amendments to existing standards effective 1 January 2023*

#### New and amended standards and interpretations

The Fund applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2023. The Fund has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### Amendments to IAS 8 – Definition of Accounting Estimates

The amendments to IAS 8 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments did not have any significant impact on the Fund's financial statements.

#### Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments did not have any significant impact on the Fund's financial statements.



## NOTES TO FINANCIAL STATEMENTS (continued)

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2023. These amendments are not expected to have any significant impact on the financial position or performance of the Fund upon adoption.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### Judgements

The preparation of the Fund's financial statements requires management to make judgements and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and judgements could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### *Functional currency*

The primary objective of the Fund is to generate return in HKD, its capital-raising currency. The liquidity of the Fund is managed on a day-to-day basis in HKD in order to handle the issue, acquisition and resale of the Fund's redeemable participating units. The Fund's performance is evaluated in HKD. Therefore, management considers the HKD as the currency that most faithfully represents the economic effects of the underlying transactions, events and condition.

#### *Going concern*

The Fund's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

#### Estimates and assumptions

##### *Fair value measurement of financial instruments*

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and last trade price. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Fund based its assumptions and estimates on parameters available when the financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

#### *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on foreign withholding tax. Given the wide range of international investments, differences arising between the actual investment income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded. The Fund establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it invests. The amounts of such provisions are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective investment's domicile. As the Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

### 4. MATERIAL ACCOUNTING POLICIES

#### Financial instruments

##### **(i) Classification**

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

#### Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The Fund's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

#### Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including amounts due from brokers, subscription proceeds receivable, interest receivable, dividend receivable, other receivables and cash and cash equivalents.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### **(j) Classification (continued)**

#### Financial assets measured at fair value through profit or loss ("FVPL")

A financial asset is measured at FVPL if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category:

- *Debt instruments.* These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.
- *Instruments held for trading.* This category includes equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. This category also includes derivative contracts in an asset position.

#### Financial liabilities

#### Financial liabilities measured at fair value through profit or loss

A financial liability is measured at FVPL if it meets the definition of held for trading.

The Fund includes in this category, derivative contracts in a liability position and debt instruments sold short since they are classified as held for trading. The Fund also includes its redeemable units in this category and the Fund's accounting policy regarding the redeemable participating units is described in a separate paragraph within this note.

#### Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those classified FVPL. The Fund includes in this category amounts due to brokers, redemption proceeds payable, management fee payable, trustee fee payable and other accounts payable and accruals.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### **(ii) Initial recognition and measurement**

The Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on trade date, i.e., the date that the Fund commits to purchase or sell the asset.

##### **(iii) Initial measurement**

Financial assets and financial liabilities categorised as FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in the statement of comprehensive income.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

##### **(iv) Subsequent measurement**

After initial measurement, the Fund measures financial instruments which are classified as at FVPL, at their fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gains or losses on financial assets and liabilities at FVPL.

Interest and dividend earned or paid on the financial instruments classified as at FVPL are recorded separately in interest income or expense and dividend income or expense in profit or loss in accordance with the policies set out below in this note.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or liability to the gross carrying amount of the financial asset or to the amortised cost of financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### **(v) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Fund has transferred substantially all the risks and rewards of the asset; or
- (b) the Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Fund has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Fund's continuing involvement in the asset. In that case, the Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets (i.e. future contracts) at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

For the fair value of financial instruments not traded in an active market (i.e. forward contracts), the most frequently applied valuation techniques include forward pricing models, using present value calculations. The models incorporate various inputs including the price of the underlying equities, the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

#### Fair value measurement (continued)

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

#### Impairment of financial assets

The Fund holds only short-term receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under IFRS 9 to all its short-term receivables. Therefore, the Fund does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Fund uses the provision matrix as a practical expedient to measuring ECLs on short-term receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and time deposits. Cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at bank and time deposits, net of outstanding bank overdrafts.

#### Amounts due from/to brokers

Amounts due to prime broker are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Amounts due from prime broker include cash accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date. Cash held with brokers represent cash deposits held with broker as collateral against open futures contracts.

#### Net assets attributable to unitholders

Redeemable units are classified as equity instruments when:

- The redeemable units entitle the holder to a pro rata share of the Fund's net assets in the event of the Fund's liquidation.
- The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Fund's net assets.
- The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

#### Net assets attributable to unitholders (continued)

In addition to the instrument having all the above features, the Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund, and
- The effect of substantially restricting or fixing the residual return to the puttable instrument holders.

The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity.

If the redeemable units subsequently have all the features and meet the conditions set out to be classified as equity, the Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The Fund's redeemable HKD class, HKD (dist) class, USD class, AUD (hedged) class and RMB (hedged) class units meet the definition of redeemable instruments classified as liability instruments under IAS 32 *Financial Instruments: Presentation*.

#### Dividend income

Dividend income is recognised when the unitholder's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately as an expense in the statement of comprehensive income.

#### Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

#### Net gain or loss on financial assets and liabilities at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as 'at fair value through profit or loss' and excludes interest and dividend income and expense.

Realised gains and losses on disposals of financial instruments at 'fair value through profit or loss' are calculated using the average cost method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).



## NOTES TO FINANCIAL STATEMENTS (continued)

### 4. MATERIAL ACCOUNTING POLICIES (continued)

#### Expenses

All expenses, including management fees and performance fees, are recognised in the statement of comprehensive income on an accrual basis.

#### Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs when incurred, are immediately recognised in statement of comprehensive income as an expense.

#### Foreign currency transactions

These financial statements are presented in HKD, which is the Fund's functional and presentation currency. Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of reporting period.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income. Foreign exchange differences on other financial instruments are included in the statement of comprehensive income as 'Net foreign exchange differences'.

#### Related parties

- (a) the party is a person or a close member of that person's family and that person
- (i) has control or joint control over the Fund;
  - (ii) has significant influence over the Fund; or
  - (iii) is a member of the key management personnel of the Fund or of a parent of the Fund;

or

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Fund or an entity related to the Fund;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Fund or to the parent of the Fund.

**NOTES TO FINANCIAL STATEMENTS (continued)**

**5. RELATED PARTY TRANSACTIONS**

The Fund is managed by the Manager, a company incorporated in Hong Kong. The Manager is responsible, subject to the policies, controls and approval of the Trustee, for the investment of the Fund's assets. Details of the fees to which the Manager is entitled are provided in Note 6 to the financial statements.

Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Fund and the Manager were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Fund does not have any other transactions with connected persons except for what is disclosed in the table below and in Note 6 to the financial statements.

	<b>2023</b>	<b>2022</b>
	HKD	HKD
<u>Transactions with an affiliate of the Trustee</u>		
<u>(Bank of China (Hong Kong) Limited)</u>		
Bank balances	92,156,108	117,176,339
Interest income earned from bank balances	139,532	28,820
Bank charges	22,018	21,691
Custodian fee	554,831	632,122

Investment transactions with connected persons of the Trustee

The table below shows an analysis of the Fund transactions relevant to or executed with Bank of China (Hong Kong) Limited, an affiliate of the Trustee during the period year ended 31 December 2023 and year ended 31 December 2022.

<b>31 December 2023</b>	<b>Aggregate value of purchases and sales of collective investment scheme</b>	<b>Total commission paid</b>	<b>% of Sub-Fund's total transactions during the period</b>	<b>Average commission rate</b>
	HKD	HKD	%	%
HK GOVT 3.32% S/A 25FEB2026	104,177,000	–	1.36%	–
HK GOVT 3.75% S/A 24FEB2025	22,793,000	–	0.30%	–
HK GOVT 3.98% S/A 25AUG2025	39,880,000	–	0.52%	–
BANK OF CHINA LTD-H	98,980,676	–	1.29%	–

**NOTES TO FINANCIAL STATEMENTS (continued)**

**5. RELATED PARTY TRANSACTIONS (continued)**

Investment transactions with connected persons of the Trustee (continued)

<b>31 December 2022</b>	<b>Aggregate value of purchases and sales of collective investment scheme</b>	<b>Total commission paid</b>	<b>% of Sub-Fund's total transactions during the period</b>	<b>Average commission rate</b>
	HKD	HKD	%	%
HK GOVT 1.09% S/A 05JUN2023	29,865,000	–	0.17%	–
HK GOVT 2.35% S/A 23MAY2024	60,220,000	–	0.35%	–
HK GOVT 1.94% S/A 04DEC2023	128,602,600	–	0.74%	–
HK GOVT 1.73% S/A 20FEB2024	68,005,000	–	0.39%	–
HK GOVT 1.96% S/A 03JUN2024	178,044,000	–	1.02%	–

**6. FEES**

In addition to the transactions disclosed elsewhere in these financial statements, the Fund had the following material transactions with the connected persons during the year.

Management fee

The Manager is entitled to receive a management fee which is equal to 1.75% per annum of the Net Asset Value ("NAV") of the Fund and before making any deduction for any accrued performance fees. The management fee will be accrued as at each Valuation Day and will be payable monthly in arrears.

The total management fee for the year ended 31 December 2023 amounted to HKD29,603,768 (2022: HKD35,063,834). As at 31 December 2023, the management fee payable to the Manager amounted to HKD2,091,720 (2022: HKD2,816,701).

Performance fee

The Manager is entitled to receive a performance fee which is equal to 15% of the appreciation in the NAV per Unit (prior to the deduction of any provision for any distribution declared or paid in respect of that Performance Period) during the relevant Performance Period above the High Watermark per Unit. The performance fee shall be calculated daily in accordance with high-on-high basis and accrued on each Valuation Day throughout the relevant Performance Period. On each Valuation Day, a new performance fee accrual will be calculated and made in accordance with the above methodology.

No performance fee for the year ended 31 December 2023 (2022: Nil). No performance fee was payable to the Manager for both years ended 31 December 2023 and 2022.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

### **6. FEES (continued)**

#### Trustee fee

BOCI-Prudential Trustee Limited (the "Trustee, Administrator and Registrar") is entitled to receive a trustee fee which is calculated at an annual rate up to 0.15% on NAV of the Fund.

The total trustee fee for the year ended 31 December 2023 amounted to HKD2,115,203 (2022: HKD2,428,617). As at 31 December 2023, the trustee fee payable amounted to HKD154,836 (2022: HKD369,440).

#### Transaction costs

The total transaction cost for the year ended 31 December 2023 amounted to HKD7,021,428 (2022: HKD8,314,554).

The Trustee is entitled to receive transaction fees of HKD37,280 for the year ended 31 December 2023 (2022: HKD61,420).

#### FATCA Service Fee

The Trustee is entitled to receive a FATCA service fee of HKD5,000 per half-year.

The FATCA service fee charged for the year ended 31 December 2023 was HKD10,000 (2022: HKD10,000) of which HKD5,000 (2022: HKD5,000) was payable to the Trustee as at 31 December 2023.

### **7. DISTRIBUTIONS**

There were no declaration of distribution to unitholders for the both years ended 31 December 2023 and 2022.

### **8. TAXATION**

The Fund is exempt from Hong Kong profits tax on profit arising from its authorised activities under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Overseas withholding tax was charged on certain dividend and investment income received during the year.

**NOTES TO FINANCIAL STATEMENTS (continued)**

**9. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2023</b>	<b>2022</b>
	HKD	HKD
<u>Financial assets at fair value through profit or loss</u>		
– Listed equity securities	1,167,629,613	1,699,067,861
– Government bonds	124,992,000	78,064,000
– Forward contracts	<u>866,807</u>	<u>478,396</u>
	<u><u>1,293,488,420</u></u>	<u><u>1,777,610,257</u></u>
<u>Financial liabilities at fair value through profit or loss</u>		
– Forward contracts	<u>–</u>	<u>226,518</u>
Net losses on financial assets and liabilities at fair value through profit or loss		
Gross realised gains	160,188,860	250,077,927
Gross realised losses	(463,055,888)	(815,105,260)
Gross unrealised gains	113,098,105	247,024,401
Gross unrealised losses	<u>(264,996,325)</u>	<u>(217,391,516)</u>
Total losses	<u><u>(454,765,248)</u></u>	<u><u>(535,394,448)</u></u>

**NOTES TO FINANCIAL STATEMENTS (continued)**

**9. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)**

The following tables illustrate the fair value measurement hierarchy of the Fund's financial instruments:

	<b>Level 1</b> HKD	<b>Level 2</b> HKD	<b>Level 3</b> HKD	<b>Total</b> HKD
<b>2023</b>				
<u>Financial assets at fair value through profit or loss</u>				
– Listed equity securities	1,167,629,613	–	–	1,167,629,613
– Government bonds	124,992,000	–	–	124,992,000
– Forward contracts	–	866,807	–	866,807
	<u>1,292,621,613</u>	<u>866,807</u>	<u>–</u>	<u>1,293,488,420</u>

The Fund has no financial liabilities at fair value through profit or loss as at 31 December 2023.

	<b>Level 1</b> HKD	<b>Level 2</b> HKD	<b>Level 3</b> HKD	<b>Total</b> HKD
<b>2022</b>				
<u>Financial assets at fair value through profit or loss</u>				
– Listed equity securities	1,699,067,861	–	–	1,699,067,861
– Government bonds	78,064,000	–	–	78,064,000
– Forward contracts	–	478,396	–	478,396
	<u>1,777,131,861</u>	<u>478,396</u>	<u>–</u>	<u>1,777,610,257</u>

	<b>Level 1</b> HKD	<b>Level 2</b> HKD	<b>Level 3</b> HKD	<b>Total</b> HKD
<b>2022</b>				
<u>Financial liabilities at fair value through profit or loss</u>				
– Forward contracts	–	(226,518)	–	(226,518)

## NOTES TO FINANCIAL STATEMENTS (continued)

### 9. FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

There is no movement between Level 1, Level 2 and Level 3 instruments for the years ended 31 December 2023 and 2022.

As at 31 December 2023, the Fund's investments were listed equity securities, government bonds, and forward contracts while in 2022, the Fund's investments were listed equity securities, government bonds and forward contracts.

### 10. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund may use derivatives financial instruments for hedging and/or investment purposes (notwithstanding this, derivatives will not be extensively or primarily used for investment purposes). The Fund uses currency forward contracts for hedging the foreign currency exposure of any hedged class to the base currency, with the aim of reducing the impact of currency fluctuations of the relevant class currency against the base currency.

The following table shows the fair values of derivatives financial instruments, recorded as assets, together with their notional amounts. The notional amount, recorded gross, is the amount of a derivative's underlying asset or reference rate and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the reporting dates and are not indicative of either the market risk or the credit risk.

As at 31 December 2023	Assets	Liabilities	Notional Amount
	HKD	HKD	
Forward contracts	8,704	–	AUD184,000
Forward contracts	377,665	–	CNY37,934,000
Forward contracts	323,166	–	CNY48,700,000
Forward contracts	51,326	–	CNY9,356,000
Forward contracts	<u>105,946</u>	<u>–</u>	CNY32,691,000
	<u>866,807</u>	<u>–</u>	
As at 31 December 2022	Assets	Liabilities	Notional Amount
	HKD	HKD	
Forward contracts	–	7,075	AUD144,000
Forward contracts	–	25,769	CNY42,780,000
Forward contracts	478,396	–	CNY15,827,000
Forward contracts	<u>–</u>	<u>193,674</u>	CNY42,255,000
	<u>478,396</u>	<u>226,518</u>	

**NOTES TO FINANCIAL STATEMENTS (continued)**

**11. CASH AND CASH EQUIVALENTS**

	<b>2023</b>	<b>2022</b>
	HKD	HKD
Cash at bank	<u>92,156,108</u>	<u>117,176,339</u>

As at 31 December 2023, the cash at bank of HKD92,156,108 (2022: HKD117,176,339) was held with Bank of China (Hong Kong) Limited at normal commercial rates. There was no time deposit as at 31 December 2023 and 31 December 2022.

**12. AMOUNTS DUE FROM/TO BROKERS**

	<b>2023</b>	<b>2022</b>
	HKD	HKD
<u>Amounts due from brokers</u>		
Cash held with broker	40,925,535	37,052,743
Receivable for securities sold but not yet settled	<u>–</u>	<u>20,524,609</u>
	<u>40,925,535</u>	<u>57,577,352</u>
<u>Amounts due to brokers</u>		
Payable for securities purchased but not yet settled	<u>–</u>	<u>19,921,824</u>



**NOTES TO FINANCIAL STATEMENTS (continued)**

**13. UNITS IN ISSUE**

The number of units in issue of the Fund is classified as financial liability. The units of the Fund have no par value.

<b>2023</b>	<b>HKD</b>	<b>HKD (dist)</b>	<b>USD</b>	<b>AUD (hedged)</b>	<b>RMB (hedged)</b>
	<b>Units Class</b>	<b>Units Class</b>	<b>Units Class</b>	<b>Units Class</b>	<b>Units Class</b>
At beginning of the year	287,034,029.5804	180,285,057.4825	100,902,873.6609	129,714.5602	87,013,811.2549
Issued during the year	19,198,657.6055	48,977,015.5954	15,914,170.0833	93,088.2771	96,861,983.0653
Redeemed during the year	<u>(67,846,971.1365)</u>	<u>(77,683,813.9805)</u>	<u>(17,760,789.2502)</u>	<u>–</u>	<u>(31,656,603.7164)</u>
At the end of the year	<u>238,385,716.0494</u>	<u>151,578,259.0974</u>	<u>99,056,254.4940</u>	<u>222,802.8373</u>	<u>152,219,190.6038</u>
Net asset value per unit	<u>1.2434</u>	<u>0.7620</u>	<u>1.1272</u>	<u>0.8374</u>	<u>0.8553</u>
<b>2022</b>	<b>HKD</b>	<b>HKD (dist)</b>	<b>USD</b>	<b>AUD (hedged)</b>	<b>RMB (hedged)</b>
	<b>Units Class</b>	<b>Units Class</b>	<b>Units Class</b>	<b>Units Class</b>	<b>Units Class</b>
At beginning of the year	312,644,523.3074	188,705,195.7247	96,340,073.5837	77,951.0578	73,073,018.9506
Issued during the year	32,756,233.0802	12,884,201.4968	21,894,648.5198	233,450.3271	45,814,025.7043
Redeemed during the year	<u>(58,366,726.8072)</u>	<u>(21,304,339.7390)</u>	<u>(17,331,848.4426)</u>	<u>(181,686.8247)</u>	<u>(31,873,233.4000)</u>
At the end of the year	<u>287,034,029.5804</u>	<u>180,285,057.4825</u>	<u>100,902,873.6609</u>	<u>129,714.5602</u>	<u>87,013,811.2549</u>
Net asset value per unit	<u>1.6271</u>	<u>0.9972</u>	<u>1.4781</u>	<u>1.1170</u>	<u>1.1658</u>

Unitholders who wish to subscribe or redeem their units in the Fund may do so on any dealing day which is (a) each business day, except any business day, determined at the Manager's discretion, on which any exchange or market on which a substantial portion of the Fund's investments is traded is closed or on which dealings are restricted or suspended; or (b) such other day as the Manager may determine from time to time with the approval of the Trustee.

A partial redemption of a holding of units in the Fund may be effected provided that such redemption will not result in the unitholder holding less than the minimum holding of units of a class, which is the lesser of 50,000 units of that class or units of that class with an aggregate net asset value of HKD50,000 (or its equivalent in another currency). The Manager has the right to compulsorily redeem any holding of Units which is less than such minimum holding. The Manager may, in its absolute discretion, waive the requirement for such minimum holding of units of any class, whether generally or in any particular case.

For HKD (dist) units class, it is the current intention of the Manager that distributions will be made on a semi-annual basis. Distributions will not be paid out of capital or effectively out of capital of the Fund. There is no guarantee that any distributions will be made and there is no target level of distribution payout. Any distributions payable (if any) will be automatically reinvested unless otherwise elected by the Unitholder.

For all other classes of units, it is the current intention of the Manager that distributions of income will not be made from the Fund.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 14. SOFT COMMISSION ARRANGEMENT

The Manager has not entered into any soft commission arrangements for the Fund.

### 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is subject to various risks as the Fund invested in underlying financial instruments during the period. The Manager's objective in managing the risks is to achieve a superior risk adjusted return. The Fund is managed through a process of ongoing identification, measurement and monitoring, subject to risks limits and other controls.

The main risks associated with the financial assets and liabilities of the Fund are set out below:

(a) Market risk

(i) Price risk

The Manager manages price risk primarily through diversification of the portfolio and through a careful selection of securities and other financial instruments within specific limits stated in the Explanatory Memorandum. The Fund's overall market positions are monitored on a daily basis by the Manager.

The table below shows the analysis of the equity securities by industry as of 31 December 2023.

	<b>% of net assets 2023</b>	<b>% of net assets 2022</b>
Consumer Discretionary	32.70%	43.31%
Consumer Staples	5.69%	4.05%
Energy	6.49%	–
Financial	4.14%	–
Health Care	8.69%	13.73%
Information Technology	–	2.63%
Industrial	8.38%	1.99%
Materials	4.72%	2.96%
Communication Services	2.44%	5.68%
Real Estate	2.14%	13.99%
Utilities	6.28%	–
Others	8.81%	4.07%

**NOTES TO FINANCIAL STATEMENTS (continued)**

**15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(a) Market risk (continued)

(i) Price risk (continued)

The table below summarises the overall market exposure of the Fund's financial assets at fair value through profit or loss on the Fund's net asset value as at 31 December 2023 and 31 December 2022. The analysis is based on the assumptions that the underlying investments in listed securities and index futures increased/decreased by a reasonable possible shift, with all other variables held constant. However, this does not represent a prediction of the future movement in the corresponding key markets.

	<b>Net assets at fair value through profit or loss (HKD)</b>	<b>Shift in underlying securities</b>	<b>Estimated possible change in net asset value (HKD)</b>
<b>2023</b>			
Financial assets at fair value through profit or loss			
Listed securities	1,167,629,613	+/-20%	+/- 233,525,923
<b>2022</b>			
Financial assets at fair value through profit or loss			
Listed securities	1,699,067,861	+/-20%	+/- 339,813,572

(ii) Interest rate risk

The below analysis is based on the assumptions that the interest rate increased/decreased by a reasonable shift in the interest rates, with all other variables held constant.

	<b>Changes in interest rate (bps)</b>		<b>Estimated impact on net assets (HKD)</b>	
	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>
Interest rate	+/-100	+/-100	+/- 1,028,884	+/- 1,354,913

## NOTES TO FINANCIAL STATEMENTS (continued)

### 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Market risk (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. The Fund's direct exposure to foreign currency risk is minimal as substantial of the Fund's assets and liabilities are denominated in HKD.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value.

The markets in which the Fund invests may be relatively illiquid and the liquidity of these markets may fluctuate substantially over time. Investment of the Fund's assets in relatively illiquid securities may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes. The risk of illiquidity also arises in the case of over-the-counter transactions. The Manager monitors the liquidity of the Fund by conducting liquidity testing on the investment portfolio on a monthly and ad-hoc basis. The objective of testing is to monitor liquidity of financial assets to meet the cash outflows on financial liabilities. As at 31 December 2023, the Fund held investments in listed securities and other liquid assets, including bank balances and amounts receivable on sales of financial assets and financial liabilities at fair value through profit or loss, we expect the majority of the assets to be able to liquidate within 7 days or less to generate cash inflows for managing liquidity risk.

*Financial assets:* Analysis of equity securities at fair value through profit or loss into maturity groupings based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which these assets will be realised.

*Financial liabilities:* The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counter party has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Fund can be required to pay.

The following table summarises the maturity profile of the Fund's financial assets and financial liabilities, based on the contractual undiscounted cash flows.

**NOTES TO FINANCIAL STATEMENTS (continued)**

**15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(b) Liquidity risk (continued)

31 December 2023	On demand HKD	Less than 3 months HKD	3 to 12 months HKD	Other* HKD	Total HKD
<b>Financial assets</b>					
Financial assets at fair value through profit or loss	–	1,293,488,420	–	–	1,293,488,420
Amounts due from brokers	–	40,925,535	–	–	40,925,535
Cash and cash equivalents	92,156,108	–	–	–	92,156,108
Interest receivable	–	1,771,264	–	–	1,771,264
Subscription proceeds receivable	–	725,264	–	–	725,264
Dividend receivable	–	4,764,604	–	–	4,764,604
Other receivables	–	401	–	–	401
Total undiscounted financial assets	<u>92,156,108</u>	<u>1,341,675,488</u>	<u>–</u>	<u>–</u>	<u>1,433,831,596</u>
<b>Financial liabilities</b>					
Accounts payable, fees and accruals	2,471,657	–	–	–	2,471,657
Redemption proceeds payable	–	2,715,652	–	–	2,715,652
Net assets attributable to unitholders	–	–	–	1,428,644,287	1,428,644,287
Total undiscounted financial liabilities	<u>2,471,657</u>	<u>2,715,652</u>	<u>–</u>	<u>1,428,644,287</u>	<u>1,433,831,596</u>

**NOTES TO FINANCIAL STATEMENTS (continued)**

**15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(b) Liquidity risk (continued)

	<b>On demand</b>	<b>Less than 3 months</b>	<b>3 to 12 months</b>	<b>Other*</b>	<b>Total</b>
31 December 2022	HKD	HKD	HKD	HKD	HKD
<b>Financial assets</b>					
Financial assets at fair value through profit or loss	–	1,777,610,257	–	–	1,777,610,257
Amounts due from brokers	–	57,577,352	–	–	57,577,352
Cash and cash equivalents	117,176,339	–	–	–	117,176,339
Interest receivable	–	200,877	–	–	200,877
Subscription proceeds receivable	–	3,105,113	–	–	3,105,113
Dividend receivable	–	437,580	–	–	437,580
Total undiscounted financial assets	<u>117,176,339</u>	<u>1,838,931,179</u>	<u>–</u>	<u>–</u>	<u>1,956,107,518</u>
<b>Financial liabilities</b>					
Financial liabilities at fair value through profit or loss	–	226,518	–	–	226,518
Amounts due to brokers	–	19,921,824	–	–	19,921,824
Accounts payable, fees and accruals	3,644,970	–	–	–	3,644,970
Redemption proceeds payable	–	8,291,105	–	–	8,291,105
Net assets attributable to unitholders	–	–	–	1,924,023,101	1,924,023,101
Total undiscounted financial liabilities	<u>3,644,970</u>	<u>28,439,447</u>	<u>–</u>	<u>1,924,023,101</u>	<u>1,956,107,518</u>

\* See Note 13 for more details of the Fund's redemption terms on its redeemable participating units.

## NOTES TO FINANCIAL STATEMENTS (continued)

### 15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Fund by failing to discharge an obligation.

The Fund is exposed to credit risk on its cash at bank, amounts due from the brokers, its investments placed with the broker and other receivables. The Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within cash at bank, amounts due from the brokers, its investments placed with the broker and other receivables.

It is the Fund's policy to enter into the financial instruments with reputable counterparties.

The Fund placed all of the cash at bank and investments with the broker, Bank of China (Hong Kong) Limited, a reputable financial institution with credit rating of A+ or A-1 for long term debt or short-term debt respectively from Standard & Poor's.

The Fund's maximum exposure to credit risk in the event the counterparties fail to perform their obligations without taking account of any collateral held as of 31 December 2023 and 2022 in relation to each class of recognised financial assets is the carrying amount of those assets as disclosed in the statement of financial position.

The Manager continuously monitors the credit standing of its counterparties and does not expect any material losses as a result of this concentration.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

#### **Financial assets subject to IFRS 9's impairment requirements**

The Fund's financial assets subject to the ECL model within IFRS 9 are amounts due from brokers, short-term receivables and cash and cash equivalents. At 31 December 2023 and 2022, no loss allowance had been provided. There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

#### **Financial assets not subject to IFRS 9's impairment requirements**

The Fund is exposed to credit risk on its debt instruments measured at FVPL. These classes of financial assets are not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets, under IFRS 9 represents the Fund's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

(d) Capital management

The Fund considers the redeemable participating units as the capital of the Fund. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholders' redemptions.

## **NOTES TO FINANCIAL STATEMENTS (continued)**

### **16. EVENTS AFTER THE REPORTING PERIOD**

a) HKD units class

During the period from 1 January 2024 to 31 March 2024, a total of 1,659,107.5998 units were subscribed and 9,671,790.7678 units were redeemed giving rise to total subscription proceeds of HKD2,022,799.69 and total redemption payments of HKD11,629,897.19.

b) HKD (dist) units class

During the period from 1 January 2024 to 31 March 2024, a total of nil units were subscribed and 16,088,292.1224 units were redeemed giving rise to total subscription proceeds of nil and total redemption payments of HKD12,094,727.15.

c) USD units class

During the period from 1 January 2024 to 31 March 2024, a total of 2,437,999.9308 units were subscribed and 4,904,938.4517 units were redeemed giving rise to total subscription proceeds of HKD2,650,997.87 and total redemption payments of HKD5,330,185.33.

d) RMB (hedged) units class

During the period from 1 January 2024 to 31 March 2024, a total of 5,919,083.8107 units were subscribed and 52,667,549.6300 units were redeemed giving rise to total subscription proceeds of HKD4,837,173.49 and total redemption payments of HKD42,858,857.84.

### **17. APPROVAL OF THE FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Manager and the Trustee on 16 April 2024.



**INVESTMENT PORTFOLIO (UNAUDITED)**

31 December 2023

<b>SECURITIES NAME</b>	<b>Number of Shares/ Notional Amount</b>	<b>Fair value as of 31 December 2023</b>	<b>% of Net Asset Value</b>
<b>LISTED EQUITIES</b>		HKD	%
<b>China</b>			
Anhui Heli Co., Ltd. – A	1,183,581	23,729,864	1.66
Kweichow Moutai Co.,Ltd. – A	29,985	56,981,275	3.99
Shenzhen Mindray Bio-Medical Electronics Co., Ltd. – A	219,600	70,261,152	4.92
Wanhua Chemical Group Co.,Ltd. – A	336,227	28,437,683	1.99
		<u>179,409,974</u>	<u>12.56</u>
<b>France</b>			
LVMH Moet Hennessy Louis Vuitton SE	4,423	28,052,489	1.96
		<u>28,052,489</u>	<u>1.96</u>
<b>Hong Kong</b>			
Alibaba Group Holding Ltd. – SW	1,196,900	90,485,640	6.33
Anta Sports Products Ltd.	768,000	58,176,000	4.07
Antengene Corporation Ltd. – B	6,324,000	12,648,000	0.89
BeiGene, Ltd.	375,500	41,342,550	2.89
Bosideng International Holdings Ltd.	6,160,000	21,621,600	1.51
Brilliance China Automotive Holdings Ltd.	3,454,000	15,024,900	1.05
BYD Co. Ltd. – H Shares	204,000	43,737,600	3.06
Cathay Pacific Airways Ltd.	6,329,000	51,644,640	3.61
China Hongqiao Group Ltd.	6,113,000	39,062,070	2.73
China Mengniu Dairy Co. Ltd.	1,162,000	24,402,000	1.71
China Resources Power Holdings Co. Ltd.	5,738,000	89,742,320	6.29
COSCO SHIPPING Energy Transportation Co., Ltd. – H Shares	3,094,000	22,802,780	1.60
Galaxy Entertainment Group Ltd.	321,000	14,043,750	0.98
H World Group Ltd. – S	1,000,100	26,252,625	1.84
Hong Kong Exchanges and Clearing Ltd.	220,900	59,201,200	4.14
MintH Group Ltd.	1,642,000	25,910,760	1.81
PetroChina Co. Ltd. – H Shares	13,562,000	69,979,920	4.90

**INVESTMENT PORTFOLIO (UNAUDITED) (continued)**

31 December 2023

<b>SECURITIES NAME</b>	<b>Number of Shares/ Notional Amount</b>	<b>Fair value as of 31 December 2023</b>	<b>% of Net Asset Value</b>
<b>LISTED EQUITIES</b>		HKD	%
<b>Hong Kong (continued)</b>			
Samsonite International S.A.	1,112,400	28,644,300	2.00
Sany Heavy Equipment International Holdings Co. Ltd.	4,800,000	36,240,000	2.54
S-Enjoy Service Group Co., Ltd.	9,729,000	30,646,350	2.15
Shenzhou International Group Holdings Ltd.	903,100	72,609,240	5.09
Techtronic Industries Co. Ltd.	88,500	8,234,925	0.58
Tencent Holdings Ltd.	118,800	34,879,680	2.44
Yum China Holdings, Inc.	75,400	<u>25,047,880</u>	<u>1.75</u>
		<u>942,380,730</u>	<u>65.96</u>
<b>FIXED INCOME SECURITIES</b>			
<b>Hong Kong</b>			
Hong Kong SAR 3.98% 25/8/2025	124,000,000	<u>124,992,000</u>	<u>8.75</u>
		<u>124,992,000</u>	<u>8.75</u>
<b>DEPOSITARY RECEIPT</b>			
<b>United States</b>			
Luckin Coffee Inc-Sponsored ADR	83,450	<u>17,786,420</u>	<u>1.24</u>
		<u>17,786,420</u>	<u>1.24</u>

**INVESTMENT PORTFOLIO (UNAUDITED) (continued)**

31 December 2023

SECURITIES NAME	Number of Shares/ Notional Amount	Fair value as of 31 December 2023	% of Net Asset Value
<b>FOREIGN CURRENCY FORWARDS</b>		HKD	%
Bank of China (Hong Kong) Limited – Buy AUD 184,000 / Sell HKD 973,765 12/01/2024		8,704	–
Bank of China (Hong Kong) Limited – Buy CNY 37,934,000 / Sell HKD 41,411,789 12/01/2024		377,665	0.03
Bank of China (Hong Kong) Limited – Buy CNY 48,700,000 / Sell HKD 53,326,500 12/01/2024		323,166	0.02
Bank of China (Hong Kong) Limited – Buy CNY 9,356,000 / Sell HKD 10,255,579 12/01/2024		51,326	–
Bank of China (Hong Kong) Limited – Buy CNY 32,691,000 / Sell HKD35,907,631 12/01/2024		<u>105,946</u>	<u>0.01</u>
		<u>866,807</u>	<u>0.06</u>
<b>Total financial assets and liabilities at fair value through profit and loss</b> (cost: HKD1,572,075,327)		1,293,488,420	90.54
<b>Other net assets</b>		<u>135,155,867</u>	<u>9.46</u>
<b>NET ASSETS AS AT 31 DECEMBER 2023</b>		<u>1,428,644,287</u>	<u>100.00</u>

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**

31 December 2023

	<b>Exposures (%) 2023</b>	<b>Exposures (%) 2022</b>
<b>Listed equities</b>		
Consumer Discretionary	32.70%	43.31%
Consumer Staples	5.69%	4.05%
Energy	6.49%	–
Financial	4.14%	–
Health Care	8.69%	13.73%
Information Technology	–	2.63%
Industrial	8.38%	1.99%
Materials	4.72%	2.96%
Communication Services	2.44%	5.68%
Real Estate	2.14%	13.99%
Utilities	6.28%	–
Others	8.81%	4.07%
	<u>90.48%</u>	<u>92.41%</u>

**INVESTMENT ACTIVITIES (UNAUDITED)**

31 December 2023

	<b>Purchase (HKD million) 2023</b>	<b>Sale (HKD million) 2023</b>
<b>Listing Country</b>		
China	422.43	517.26
Hong Kong	3,272.90	3,234.62
Other	28.40	–
United States	<u>68.27</u>	<u>72.66</u>
	<u><u>3,792.00</u></u>	<u><u>3,824.54</u></u>
	<b>Purchase (HKD million) 2022</b>	<b>Sale (HKD million) 2022</b>
<b>Listing Country</b>		
China	630.43	573.06
Hong Kong	7,838.76	7,887.79
Taiwan	122.71	106.04
United States	<u>106.33</u>	<u>147.42</u>
	<u><u>8,698.23</u></u>	<u><u>8,714.31</u></u>

**PERFORMANCE TABLE (UNAUDITED)**

31 December 2023

**NET ASSET VALUES (“NAV”) - Published NAV**

Year	NAV of the Fund (HKD)	HKD Units Class (HKD)	HKD (dist) Units Class (HKD)	NAV per unit		
				USD Units Class (USD)	AUD (hedged) Units Class (AUD)	RMB (hedged) Units Class (RMB)
2023	1,429,442,757	1.2435	0.7621	1.1273	0.8375	0.8555
2022	1,923,460,615	1.6272	0.9972	1.4782	1.1171	1.1659
2021	2,453,341,944	2.0847	1.2777	1.8940	1.4840	1.5341

**PERFORMANCE RECORD**

**Highest issue price per unit**

Year	HKD Units Class (HKD)	HKD (dist) Units Class (HKD)	USD Units Class (USD)	AUD (hedged) Units Class (AUD)	RMB (hedged) Units Class (RMB)
2023	1.8641	1.1425	1.6862	1.2741	1.3273
2022	2.0805	1.2751	1.8903	1.4799	1.5312
2021	2.8010	1.8833	2.5579	2.0245	2.0568
2020	2.4749	1.6643	2.2613	1.7918	1.8197
2019	1.6696	1.1310	1.5202	1.2522	1.2446
2018	2.1255	1.5204	1.9278	1.6208	1.5774
2017	2.0455	1.4618	1.8458	1.5516	1.5400
2016	1.4808	1.1149	1.3472	1.1444	1.1840
2015	1.7057	1.2899	1.5517	1.3279	1.3568
2014	1.3991	1.0799	1.2859	1.0968	1.1023

**PERFORMANCE TABLE (UNAUDITED) (continued)**

31 December 2023

**PERFORMANCE RECORD (continued)**

**Lowest issue price per unit**

Year	<b>HKD Units Class (HKD)</b>	<b>HKD (dist) Units Class (HKD)</b>	<b>USD Units Class (USD)</b>	<b>AUD (hedged) Units Class (AUD)</b>	<b>RMB (hedged) Units Class (RMB)</b>
2023	1.2017	0.7365	1.0897	0.8102	0.8284
2022	1.2462	0.7638	1.1245	0.8664	0.9040
2021	2.0526	1.2580	1.8639	1.4606	1.5109
2020	1.3620	0.9226	1.2437	1.0027	1.0102
2019	1.3160	0.8915	1.1889	0.9998	0.9889
2018	1.3196	0.8939	1.1943	1.0071	1.0076
2017	1.3860	1.0415	1.2589	1.0678	1.1088
2016	1.1866	0.8915	1.0693	0.9187	0.9512
2015	1.2271	0.9220	1.1156	0.9522	0.9828
2014	1.2153	0.9580	1.1173	0.9713	0.9745

**INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENT  
(UNAUDITED)**

31 December 2023

Below is the summary of gross exposure and net derivative exposure arising from the use of financial derivative instruments for the years ended 31 December 2023 and 2022.

**Gross exposure**

	<b>2023</b>	<b>2022</b>
Lowest	5.67%	5.23%
Highest	16.17%	25.51%
Average	6.86%	10.48%

**Net derivative exposure**

	<b>2023</b>	<b>2022</b>
Lowest	0.00%	0.00%
Highest	0.35%	0.33%
Average	0.05%	0.06%



**DISTRIBUTION OF THIS ANNUAL REPORT IN THE EUROPEAN ECONOMIC AREA (“EEA”) AND THE UNITED KINGDOM**

In relation to each member state of the EEA and the United Kingdom (each a “Relevant State”) which has implemented the Alternative Investment Fund Managers Directive (Directive (2011/61/EU)) (the “AIFMD”) and/or as AIFMD forms part of local law of the Relevant State, this annual report may only be distributed and Units may only be offered or placed in a Relevant State to the extent that (i) the Fund is permitted to be marketed to professional investors in the Relevant State in accordance with AIFMD (as implemented and as it forms part of the local law and regulations of the Relevant State) or (ii) this annual report may otherwise be lawfully distributed and the Units may otherwise be lawfully offered or placed in that Relevant State (including at the initiative of the investor).

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No key information document has been prepared in respect of any Class of Units in accordance with Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (including as implemented into the domestic law of the United Kingdom). Accordingly, such Classes of Units are not available to, and no person may advise on, offer or sell such Classes of Units for or to, any retail client (as defined in the EU’s re-cast Markets in Financial Instruments Directive (2014/65/EU)) in a Relevant State.

## **INFORMATION FOR INVESTORS IN SWITZERLAND**

The offering of the Units in Switzerland will be exclusively made to, and directed at, qualified investors (the "Qualified Investors"), as defined in Article 10 para. 3 and 3ter of the Swiss Collective Investment Schemes Act of 23 June 2006, as amended from time to time ("CISA"), to the exclusion of any high-net-worth individuals and their private investment structures with an opting-out pursuant to the Article 5 para. 1 of the Swiss Financial Services Act ("FinSA"). The Fund has not been and will not be approved by the Swiss Financial Market Supervisory Authority ("FINMA") for offering to non-qualified investors. Therefore, the Explanatory Memorandum, any other offering materials and/or marketing materials relating to the Units may be made available in Switzerland solely to Qualified Investors.