

ChinaAMC Investment Trust
ChinaAMC China Focus Fund

Annual Report

For the year ended
31 December 2023



ChinaAMC China Focus Fund
– a sub-fund of ChinaAMC
Investment trust

Reports and financial statements
For the year ended 31 December 2023

| Contents | Pages |
|--|--------------|
| Administration and Management | 1 |
| Manager’s report | 2 |
| Trustee’s report to unitholders | 3 |
| Statement of responsibilities of the Manager and the Trustee | 4 |
| Independent auditor’s report to unitholders | 5 – 8 |
| Statement of financial position | 9 |
| Statement of comprehensive income | 10 |
| Statement of changes in net assets attributable to unitholders | 11 – 12 |
| Statement of cash flows | 13 |
| Notes to the financial statements | 14 – 33 |
| Other information (unaudited) | |
| - Investment portfolio | 34 – 35 |
| - Statement of movements in portfolio holdings | 36 |
| - Performance table | 37 – 38 |

Administration and management

Manager

China Asset Management (Hong Kong) Limited
37/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

Directors of the Manager

Mr. Gan Tian
Mr. Li Fung Ming
Mr. Sun Liqiang
Ms. Li Yimei
Mr. Yang Kun (appointed on 30 May 2023)

Trustee

Cititrust Limited
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

Auditor

KPMG
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Custodian and Administrator

Citibank N.A., Hong Kong Branch
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

Transfer Agent

Citicorp Financial Services Limited
9/F, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Legal Counsel to the Manager

Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

Manager's report

Market Review

In 2023, global equity markets especially in developed countries, demonstrated strong performance with positive returns across major asset classes. However, China's equity market faced relative weakness, underperforming global indexes for the third consecutive year.

Several factors contributed to the underperformance of China's equity market in 2023. China continued to face challenges related to real estate, and the lower growth expectations eroded confidence among overseas investors, leading to significant outflows of foreign capital in the second half of 2023. Looking ahead, it is expected that more positive changes in China's monetary, fiscal, and regulatory policies will be implemented to stabilize economic growth.

Despite the economic challenges, Chinese companies have significantly enhanced their competitiveness in the global market. Besides, the current low valuations of China's equity market suggest that pessimistic expectations have been largely priced in, providing an opportunity for potential positive returns. We maintain a cautiously optimistic outlook on the performance of China's equity market in 2024.

Our firm is committed to responsible investing practices, and we continue to make intensive investments in ESG-related facilities, both in equities and bonds. Furthermore, we will actively explore opportunities in the field of digital currencies, aiming to provide investors with more investment choices.

China Asset Management (Hong Kong) Limited
27 March 2024

Trustee's report to unitholders

We hereby confirm that, in our opinion, China Asset Management (Hong Kong) Limited in all material respects, managed ChinaAMC China Focus Fund – a sub-fund of ChinaAMC Investment Trust in accordance with the provisions of the Trust Deed dated 7 October 2010, as supplemented, amended and restated from time to time, for the year ended 31 December 2023.

For and on behalf of
Cititrust Limited

Trustee
27 March 2024

Statement of responsibilities of the manager and the trustee

Manager’s responsibilities

China Asset Management (Hong Kong) Limited (the “Manager”), the Manager of the ChinaAMC China Focus Fund (the “Sub-Fund”), a sub-fund of ChinaAMC Investment Trust (the “Trust”), is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the “SFC Code”) and the trust deed dated 7 October 2010, as supplemented, amended and restated from time to time (the “Trust Deed”) to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the year then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are prudent and reasonable.

The Manager is also required to manage the Sub-Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

The Trust is an umbrella unit trust governed by its Trust Deed. As at 31 December 2023, the Trust has established three sub-funds.

Trustee’s responsibilities

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting year on the conduct of the Manager in the management of the Sub-Fund.

Independent Auditor’s Report to the unitholders of ChinaAMC China Focus Fund

(A Sub-Fund of ChinaAMC Investment Trust, an umbrella trust governed by the laws of Hong Kong)

Report on the audit of financial statements

Opinion

We have audited the financial statements of ChinaAMC China Focus Fund (“the Sub-Fund”), set on pages 9 to 33, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”) issued by the International Auditing and Assurance Standards Board (“IAASB”). 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 Sub-Fund in accordance with the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (the “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.

Information other than the financial statements and auditors’ report thereon

The Trustee and the Manager (the “Management”) of the Sub-Fund are responsible for the other information. The other information comprises all 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 to the unitholders of ChinaAMC China Focus Fund

(A Sub-Fund of ChinaAMC Investment Trust, an umbrella trust governed by the laws of Hong Kong)

Report on the audit of financial statements (continued)

Responsibilities of the Management for the financial statements

The Management of the Sub-Fund is responsible for the preparation 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 Management of the Sub-Fund 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 Management of the Sub-Fund is responsible for assessing the Sub-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 Management of the Sub-Fund either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed dated 7 October 2010, as amended (the "Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (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. This 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 Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant 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 scepticism throughout the audit. We also:

Independent Auditor's Report to the unitholders of ChinaAMC China Focus Fund (A Sub-Fund of ChinaAMC Investment Trust, an umbrella trust governed by the laws of Hong Kong)

Report on the audit of financial statements (continued)

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

- 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.
- 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 Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management of the Sub-Fund.
- Conclude on the appropriateness of the Management'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 Sub-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 Sub-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 Management of the Sub-Fund 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.

Independent Auditor’s Report
to the unitholders of ChinaAMC China Focus Fund
(A Sub-Fund of ChinaAMC Investment Trust, an umbrella trust governed by the laws of Hong Kong)

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

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

27 March 2024

Statement of financial position as at 31 December 2023 *(Expressed in United States dollars)*

| | Notes | 2023 | 2022 |
|---|----------|----------------------|----------------------|
| Assets | | | |
| Cash and cash equivalents | 8(g) | \$ 446,016 | \$ 1,893,490 |
| Financial assets at fair value through profit or loss | 3, 11(a) | 17,034,023 | 17,012,165 |
| Amounts due from brokers | | 9,267,027 | 7,820,282 |
| Subscription receivable | | 10,399 | 16,330 |
| Dividend receivable | | 13,340 | 920 |
| | | \$ 26,770,805 | \$ 26,743,187 |
| Liabilities | | | |
| Amounts due to brokers | | \$ 8,198,596 | \$ 7,408,651 |
| Redemption payable | | 164,357 | 171,062 |
| Accruals and other payables | | 238,721 | 139,035 |
| | | \$ 8,601,674 | \$ 7,718,748 |
| Total liabilities (excluding net assets attributable to unitholders) | | \$ 8,601,674 | \$ 7,718,748 |
| Net assets attributable to unitholders | 9(a) | \$ 18,169,131 | \$ 19,024,439 |

The notes on pages 14 to 33 are an integral part of these financial statements.

Statement of comprehensive income for the year ended 31 December 2023 *(Expressed in United States dollars)*

| | <i>Notes</i> | | <i>2023</i> | | <i>2022</i> |
|---|--------------|-----------|--------------------|-----------|--------------------|
| Interest income on cash and cash equivalents | 8(g) | \$ | 29,056 | \$ | 9,774 |
| Interest income on financial assets at fair value through profit or loss | | | 132 | | - |
| Dividend income | | | 676,594 | | 804,956 |
| Net gain/(loss) on financial assets at fair value through profit or loss | 5 | | 2,119,103 | | (5,048,678) |
| Net foreign exchange loss | | | (177,248) | | (157,721) |
| Total income/(loss) | | \$ | 2,647,637 | \$ | (4,391,669) |
| | | | | | |
| Transaction costs | 8(h) | \$ | (1,692,879) | \$ | (2,465,607) |
| Management fee | 8(a) | | (343,419) | | (374,530) |
| Administration fee | 8(c) | | (66,602) | | (65,201) |
| Audit fee | | | (12,100) | | (21,326) |
| Trustee fee | 8(d) | | (10,091) | | (9,879) |
| Custodian fee | 8(e) | | (45,799) | | (60,707) |
| Financial statements preparation fee | 8(f) | | (10,967) | | (10,967) |
| Legal and professional fee | | | (2,005) | | - |
| Bank charges | 8(g) | | (321) | | (377) |
| Interest expense | 8(g) | | (7,113) | | (10,328) |
| Others | | | (7,043) | | (15,566) |
| Total operating expenses | | \$ | (2,198,339) | \$ | (3,034,488) |
| | | | | | |
| Profit/(loss) before tax | | \$ | 449,298 | \$ | (7,426,157) |
| Withholding tax | 4 | | (40,570) | | (34,643) |
| Increase/(decrease) in net assets attributable to unitholders from operations for the year | | \$ | 408,728 | \$ | (7,460,800) |

The notes on pages 14 to 33 are an integral part of these financial statements.

Statement of changes in net assets attributable to
unitholders
for the year ended 31 December 2023
(Expressed in United States dollars)

| | 2023 | 2022 |
|---|----------------|----------------|
| Balance at the beginning of the year | \$ 19,024,439 | \$ 25,392,844 |
| Subscription | \$ 4,745,722 | \$ 7,757,681 |
| Redemption | (6,009,758) | (6,665,286) |
| Total transactions with unitholders | \$ (1,264,036) | \$ 1,092,395 |
| Increase/(decrease) in net assets attributable to unitholders from operations for the year | \$ 408,728 | \$ (7,460,800) |
| Balance at the end of the year | \$ 18,169,131 | \$ 19,024,439 |

The notes on pages 14 to 33 are an integral part of these financial statements.

Statement of changes in net assets attributable to unitholders (continued) for the year ended 31 December 2023

Number of units issued and redeemed

| | Notes | 2023 | | | | | |
|--|-------|--------------|--------------|--------------|------------------|---------------|------------------|
| | | AUD units | EUR units | GBP Units | HKD units | SGD units | USD units |
| At 1 January 2023 | | 9,394 | 4,192 | 2,521 | 1,042,816 | 30,580 | 1,539,360 |
| Subscription of units during the year | | - | - | - | 16,569 | - | 410,686 |
| Redemption of units during the year | | - | - | (2,521) | (22,178) | - | (522,105) |
| At 31 December 2023 | 9(a) | <u>9,394</u> | <u>4,192</u> | <u>-</u> | <u>1,037,207</u> | <u>30,580</u> | <u>1,427,941</u> |

| | Notes | 2022 | | | | | |
|--|-------|--------------|--------------|--------------|------------------|---------------|------------------|
| | | AUD units | EUR units | GBP Units | HKD units | SGD units | USD units |
| At 1 January 2022 | | 9,394 | 4,321 | - | 1,082,892 | 48,067 | 1,438,673 |
| Subscription of units during the year | | - | - | 2,521 | 29,497 | - | 621,582 |
| Redemption of units during the year | | - | (129) | - | (69,573) | (17,487) | (520,895) |
| At 31 December 2022 | 9(a) | <u>9,394</u> | <u>4,192</u> | <u>2,521</u> | <u>1,042,816</u> | <u>30,580</u> | <u>1,539,360</u> |

The notes on pages 14 to 33 are an integral part of these financial statements.

Statement of cash flows for the year ended 31 December 2023 (Expressed in United States dollars)

| | Notes | 2023 | 2022 |
|--|-------|-----------------------------|-----------------------------|
| Operating activities | | | |
| Increase/(decrease) in net assets attributable to unitholders from operations for the year | | \$ 408,728 | \$ (7,460,800) |
| Adjustments for: | | | |
| Interest income | | (29,188) | (9,774) |
| Dividend income | | (676,594) | (804,956) |
| Interest expense | | 7,113 | 10,328 |
| Withholding tax | 4 | 40,570 | 34,643 |
| | | <u> </u> | <u> </u> |
| Operating loss before changes in working capital | | \$ (249,371) | \$ (8,230,559) |
| (Increase)/decrease in financial assets at fair value through profit or loss | | (21,858) | 8,862,427 |
| Increase in amounts due from brokers | | (1,446,745) | (5,410,614) |
| Increase in amounts due to brokers | | 789,945 | 4,447,624 |
| Increase/(decrease) in accruals and other payables | | 99,686 | (384,448) |
| Interest received | | 29,188 | 9,774 |
| Dividend received, net of withholding tax paid | | 623,604 | 769,393 |
| | | <u> </u> | <u> </u> |
| Net cash (used in)/generated from operating activities | | \$ (175,551) | \$ 63,597 |
| Financing activities | | | |
| Proceeds from subscription of units | | \$ 4,751,653 | \$ 7,764,793 |
| Payments on redemption of units | | (6,016,463) | (6,719,389) |
| Interest paid | | (7,113) | (10,328) |
| | | <u> </u> | <u> </u> |
| Net cash (used in)/generated from financing activities | | \$ (1,271,923) | \$ 1,035,076 |
| Net (decrease)/increase in cash and cash equivalents | | \$ (1,447,474) | \$ 1,098,673 |
| Cash and cash equivalents at the beginning of the year | | \$ 1,893,490 | \$ 794,817 |
| | | <u> </u> | <u> </u> |
| Cash and cash equivalents at the end of the year | 8(g) | \$ 446,016 | \$ 1,893,490 |
| | | <u> </u> | <u> </u> |

The notes on pages 14 to 33 are an integral part of these financial statements.

Notes to financial statements for the year ended 31 December 2023 (Expressed in United States dollars, unless otherwise indicated)

1 General Information

ChinaAMC China Focus Fund (the “Sub-Fund”) is a sub-fund of ChinaAMC Investment Trust (the “Trust”), which is an open-ended unit trust initially established as an exempted trust under the laws of the Cayman Islands pursuant to a trust deed dated 7 October 2010, as amended or supplemented from time to time and restated on 28 July 2017 (the “Trust Deed”), between Citigroup First Investment Management Limited (the “Former Manager”) and Cititrust (Cayman) Limited (the “Former Trustee”).

Redomicile of the Trust and the Sub-Fund

The Trust was initially established as an exempted trust under the laws of the Cayman Islands. With effect from 28 July 2017, the Trust shall take effect in accordance with the laws of Hong Kong and the laws of Hong Kong shall be the governing law of the Trust.

Pursuant with the supplemental deeds dated 28 July 2017, the Former Manager retired as the manager of the Trust and China Asset Management (Hong Kong) Limited (the “Manager”) was appointed as the manager of the Trust with effect from 28 July 2017. On the same day, the Former Trustee retired as the trustee of the Trust and Cititrust Limited (the “Trustee”) was appointed as the trustee of the Trust.

The Sub-Fund is authorised by the Hong Kong Securities and Futures Commission (the “SFC”) under Section 104 of the Hong Kong Securities and Futures Ordinance, and governed by the Hong Kong Code on Unit Trusts and Mutual Funds (the “SFC Code”) issued by the SFC. The Sub-Fund was authorised by the SFC on 1 November 2010 and the first dealing day was 10 December 2010.

The investment objective of the Sub-Fund is to provide unitholders with long term capital growth through exposure to the equities and equity-related instruments of People’s Republic of China related companies.

It is expected that approximately 70% to 100% of the Sub-Fund’s portfolio will be invested directly or indirectly in equity securities issued by companies which are listed, or being offered in an initial public offer, on an official stock markets in Hong Kong, People’s Republic of China (A-share and B-share markets), the United States, Singapore and other countries or regions. The Sub-Fund will gain exposure access to the A-share markets by investing in access products and via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

The custodian and administration functions are delegated to Citibank N.A., Hong Kong Branch (the “Custodian” and the “Administrator”). Citibank N.A., Hong Kong Branch is a related party of the Former Manager, the Former Trustee and the Trustee.

2 Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), the relevant provisions of the Trust Deed, and the relevant disclosure provisions of the SFC Code issued by the SFC. Material accounting policies adopted by the Sub-Fund are disclosed below.

The International Accounting Standards Board (“IASB”) has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Sub-Fund. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Sub-Fund for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

These financial statements are presented in United States dollars (“USD”), which is the reporting currency of the units in issue of the Sub-Fund. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis as modified by the revaluation of financial assets (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the Manager and the Trustee (collectively the “Management”) to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

All references to “net assets” or “net asset value” throughout these financial statements refer to net assets attributable to unitholders unless otherwise stated.

2 Material accounting policies (Continued)

(c) Changes in accounting policies

New and amended IFRSs

The Sub-Fund has applied the following new and amended IFRSs issued by the IASB to these financial statements for the current accounting period:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)

The Sub-Fund has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRSs are discussed below:

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Sub-Fund has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Sub-Fund's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

2 Material accounting policies (Continued)

(d) Foreign currency translation

(i) Functional and presentation currency

The performance of the Sub-Fund is measured and reported to unitholders in United States dollars (“USD”). The Management considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Sub-Fund’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign exchange loss”.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss”.

(e) Financial assets at fair value through profit or loss

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund primarily focuses on fair value information and uses that information to assess the assets’ performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

The Sub-Fund’s policy requires the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

2 Material accounting policies (Continued)

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value.

Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income within “net gain/(loss) on financial assets at fair value through profit or loss” in the year in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Sub-Fund’s right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Sub-Fund, and the amount of the dividend can be measured reliably.

(iii) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets and financial liabilities held by the Sub-Fund is the last traded market price where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Sub-Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers or based on the Manager’s judgements and estimates. The fair value of debt securities is based on quoted market prices.

(iv) Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

2 Material accounting policies (Continued)

(f) Offsetting financial instruments

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

(g) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and other short-term investments in an active market with original maturities of three months or less.

(h) Amounts due from and to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the reporting date respectively. The amount due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(i) Interest income on cash and cash equivalents

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income on cash and cash equivalents includes interest from bank balances.

(j) Dividend income

Dividend income is recognised when the right to receive payment is established. For listed equities, dividend income is recorded on the ex-dividend date.

2 Material accounting policies (Continued)

(k) Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(l) Increase/(decrease) in net assets attributable to unitholders from operations

Income not distributed is included in net assets attributable to unitholders.

(m) Taxation

The Sub-Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

(n) Net gain/(loss) on financial assets at fair value through profit or loss

Net gain/(loss) on financial assets at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences arising from financial assets at fair value through profit or loss, but exclude interest and dividend income.

(o) Units in issue

The Sub-Fund has multiple classes of redeemable units in issue, which are redeemable at the unitholders' option. All the classes are the most subordinate classes of financial instruments in the Sub-Fund and rank pari passu in all material respects and have the same terms and conditions other than that different classes of unit are denominated in different currencies. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' units in the net assets of the applicable class of units of the Sub-Fund at the redemption date, and also in the event of the Sub-Fund's liquidation.

The redeemable units of the Sub-Fund are classified as financial liabilities and are carried at an amount which corresponds to the redemption amount that is payable at the reporting date if the unitholder exercises the right to put the units back to the Sub-Fund.

(p) Establishment costs

Establishment costs are recognised as an expense in the year in which they are incurred in accordance with IFRSs.

(q) 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, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

2 Material accounting policies (Continued)

(r) Structured entities

A structured entity is one that has been set up so that any voting rights or similar rights are not the dominant factor in deciding who controls the entity. An example is when voting rights relate only to administrative tasks and the relevant activities are directed by contractual arrangements.

The Sub-Fund has been involved in unconsolidated structured entities through investments in structured entities. The unconsolidated structured entities consist primarily of investment funds for trading purpose. The investment funds invest in a range of assets, most typically are bonds, unit trusts and listed shares. The Sub-Fund records net gains or losses from its investment in the structured entities. These structured entities are not consolidated by the Sub-Fund.

As at 31 December 2023 and 2022, the Sub-Fund’s total interests in unconsolidated structured entities on the statement of financial position and maximum exposure to loss from its interests in unconsolidated structured entities are summarised in note 3 as “Listed investment funds”.

3 Financial assets at fair value through profit or loss

| | 2023 | 2022 |
|---------------------------------------|----------------------|----------------------|
| Listed equity securities | \$ 16,104,047 | \$ 16,226,326 |
| Listed investment funds | 929,976 | - |
| Unlisted China A Share access product | - | 785,839 |
| | <u>\$ 17,034,023</u> | <u>\$ 17,012,165</u> |

4 Taxation

Taxation in the statement of comprehensive income represents:

| | 2023 | 2022 |
|------------------------------------|-----------|-----------|
| Withholding tax on dividend income | \$ 40,570 | \$ 34,643 |

(a) Hong Kong

No provision for Hong Kong profits tax has been made in the financial statements as the Sub-Fund is exempted from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

4 Taxation (continued)

(b) People’s Republic of China (the “PRC”)

The Manager and the Trustee intend to manage and operate the Sub-Fund in such a manner that the Sub-Fund should not be treated as a tax resident enterprise of the PRC or a non-tax resident enterprise with an establishment or place of business in the PRC for Corporate Income Tax (“CIT”) purposes. As such, it is expected that the Sub-Fund should not be subject to CIT on an assessment basis and would only be subject to CIT on a withholding basis to the extent the Sub-Fund directly derives PRC sourced income.

Under the current general provision of the PRC Corporate Income Tax Law and published tax circulars, foreign corporate investors would be subject to PRC withholding tax at the rate of 10% in respect of certain types of their PRC sourced income earned, such as capital gains, dividend income and interest income.

On 14 November 2014, The Ministry of Finance (the “MoF”), the State Administration of Taxation (the “SAT”) and the China Securities Regulatory Commission (the “CSRC”) promulgated the “Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFIs and Renminbi Qualified Foreign Institutional Investors (“RQFIs”)” (the “Notice No. 79”).

According to the Notice No. 79, (i) CIT is imposed on capital gains derived by QFIs and RQFIs from the transfer of PRC equity investment assets including PRC A-shares prior to 17 November 2014 in accordance with laws; and (ii) QFIs and RQFIs without an establishment or place of business in the PRC is temporarily exempt from CIT on capital gains derived from the transfer of PRC equity investment assets including PRC A-shares effective from 17 November 2014.

The “Notice on the tax policies related to the pilot program of the Shanghai-Hong Kong Stock Connect” (the “Notice No. 81”) promulgated by the MoF, the SAT and the CSRC states that CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors including the Sub-Fund on the trading of PRC A-shares through the Shanghai-Hong Kong Stock Connect.

No PRC withholding tax provision has been made on any PRC A-shares or PRC A-share products.

It should be noted that both Notice No. 79 and Notice No. 81 state that the exemptions are temporary only and when the PRC authorities announce the expiration of such exemptions, the AP Issuers and the Sub-Fund may need to recommence making provision for future potential tax liabilities.

5 Net gain/(loss) on financial assets at fair value through profit or loss

| | 2023 | 2022 |
|--|---------------------|-----------------------|
| Net realised gain/(loss) | \$ 537,735 | \$ (8,163,720) |
| Net change in unrealised gain in financial assets at fair value through profit or loss | 1,581,368 | 3,115,042 |
| | <u>\$ 2,119,103</u> | <u>\$ (5,048,678)</u> |

6 Soft dollar arrangements

For the year ended 31 December 2023, the Manager obtained cash client trading services through soft dollar arrangements with 4 brokers. During the years ended 31 December 2023 and 2022, the Manager obtained the services through soft dollars arrangements on transaction amounting to \$3,321,367 (2022: \$12,306,100). Commission which amounted to \$14,489 (2022: \$78,806).

7 Establishment costs

The Sub-Fund's Explanatory Memorandum ("EM") requires the establishment costs to be amortised over a period of 12 months for the purpose of calculating its trading net asset value, whereas IFRSs require the establishment costs to be expensed when incurred.

There are no unamortised establishment costs for the year ended 31 December 2023 and 31 December 2022.

8 Transactions with related parties or the Connected Persons

The following is a summary of transactions entered into during the year between the Sub-Fund and its related parties, including the Manager, the investment delegate, the Trustee/ Custodian and their connected persons (the "Connected Persons"). The Connected Persons are those as defined in the SFC Code issued by the SFC. All such transactions were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Sub-Fund did not have any other transactions with the Connected Persons except for those disclosed below.

(a) Management fee

The fee payable to the Manager is calculated at 1.8% (2022: 1.8%) per annum of the net asset value of the Sub-Fund. It is accrued daily and payable monthly in arrears. The management fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2023 amounted to \$343,419 (2022: \$374,530) and \$167,991 (2022: \$86,412) respectively.

(b) Performance fee

The Manager is entitled to a performance fee. The performance fee is calculated and accrued on each valuation day (i.e. daily basis) and will be payable at the last valuation day of the financial year. If any units are realised on the valuation day, the performance fee accrued so far in respect of such units will crystallise and be paid to the Manager at the end of the performance period. The performance fee in respect of each unit will be equal to 10% (2022: 10%) of the appreciation in the net asset value per unit during the year above the highest net asset value per unit at the last day in any previous financial year in which the performance fee was paid for the relevant class.

There are no performance fee charged for the year or amount payable by the Sub-Fund as at 31 December 2023 and 31 December 2022.

8 Transactions with related parties or the Connected Persons (Continued)

(c) Administration fee

The fee payable to the Administrator is calculated at 0.075% (2022: 0.075%) per annum of the net asset value of the Sub-Fund, subject to a minimum fixed fee of \$5,500 per month. It is accrued daily and payable monthly in arrears. The administration fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2023 amounted to \$66,602 (2022: \$65,201) and \$37,665 (2022: \$15,063) respectively.

(d) Trustee fee

The fee payable to the Trustee is \$10,000 (2022: \$10,000) per annum. It is accrued daily and payable in arrears on a monthly basis. The trustee fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2023 amounted to \$10,091 (2022: \$9,879) and \$6,739 (2022: \$3,315) respectively.

(e) Custodian fee

The fee payable to the Custodian is calculated at 0.03% (2022: 0.03%) per annum of the net asset value of the Sub-Fund. It is accrued daily and payable in arrears on a monthly basis. The custodian fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2023 amounted to \$45,799 (2022: \$60,707) and \$3,162 (2022: \$1,432) respectively.

(f) Financial statements preparation fee

The Administrator is entitled to a financial statements preparation fee. The financial statements preparation fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2023 amounted to \$10,967 (2022: \$10,967) and \$11,629 (2022: \$11,662) respectively.

(g) Cash and cash equivalents

All bank balances of the Sub-Fund are held in interest-bearing accounts with Citibank N.A., Hong Kong Branch. As at 31 December 2023, the balances amounted to \$446,016 (2022: \$1,893,490). For the year ended 31 December 2023, the interest earned from these bank balances and interest expense amounted to \$29,056 (2022: \$9,774) and \$7,113 (2022: \$10,328) respectively. The bank charges amounted to \$321 (2022: \$377).

(h) Transaction costs

In the purchase and sales of investments, the Sub-Fund utilises the brokerage services of fellow subsidiaries of the Trustee. Details of the transactions effected through these entities are as follows:

| | 2023 | 2022 |
|---|------------------|------------------|
| Commission paid for the year | \$ 332,064 | \$ 368,529 |
| Average rate of commission | 0.05% | 0.06% |
| Total aggregate value of transactions for the year | \$ 1,633,713,014 | \$ 1,896,183,149 |
| Percentage of such transactions in value to total transactions for the year | 44.64% | 32.95% |

8 Transactions with related parties or the Connected Persons (Continued)

(i) Unit holdings

There is no unitholder of the Sub-Fund identified as related parties or Connected Persons of the Sub-Fund as at 31 December 2023 and 31 December 2022.

9 Net assets attributable to unitholders

(a) Units issued and redeemed

| | 2023 | 2022 |
|--|------------|------------|
| Total number of units in issue | | |
| AUD units | 9,394 | 9,394 |
| EUR units | 4,192 | 4,192 |
| GBP units | - | 2,521 |
| HKD units | 1,037,207 | 1,042,816 |
| SGD units | 30,580 | 30,580 |
| USD units | 1,427,941 | 1,539,360 |
| | | |
| Net asset value per unit in local currency (calculated in accordance with the EM) | | |
| AUD units | AUD 15.273 | AUD 15.019 |
| EUR units | EUR 13.834 | EUR 13.994 |
| GBP units | GBP - | GBP 8.073 |
| HKD units | HKD 11.633 | HKD 11.364 |
| SGD units | SGD 11.719 | SGD 11.645 |
| USD units | USD 11.338 | USD 11.081 |

The Trust and the Sub-Fund do not have any externally imposed capital requirements. As at 31 December 2023, the Sub-Fund had net assets attributable to unitholders of \$18,169,131 (2022: \$19,024,439). The Sub-Fund strives to invest funds received from the issuance of redeemable units in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet the funding needs when unitholders redeem their units.

The Manager may from time to time permit unitholders to convert some or all of their units of any class into units of any other class whether in respect of the Sub-Fund or any other sub-funds of the Trust which have been authorised by the SFC.

(b) Distributions

The Sub-Fund does not intend to pay dividends or other distributions for the year ended 31 December 2023 and 31 December 2022.

10 Financial instruments and associated risks

The Sub-Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests according to the investment strategy. The risks that the Sub-Fund is exposed to are market risk, credit risk and liquidity risk. Market risk includes price risk, interest rate risk and currency risk.

The Sub-Fund maintains an investment portfolio in a variety of listed equity securities and PRC A-share access products as dictated by its investment management strategy.

The nature and extent of the financial instruments outstanding at the end of the reporting period and the risk management policies employed by the Sub-Fund are discussed below.

(a) Market risk

All investments held by the Sub-Fund are measured at fair value through profit or loss, and all changes in market conditions directly affect profit or loss. Market risk is the risk that the value of the investments will fluctuate as a result of changes in prices, interest rates or exchange rates.

(i) Price risk

Price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual instrument or factors affecting all instruments traded in the market.

The following table shows the concentration of investment of the Sub-Fund by product type.

| <i>By product type</i> | <i>2023</i> | | <i>2022</i> | |
|---|----------------------|------------------------------|----------------------|------------------------------|
| | <i>Market value</i> | <i>% of total net assets</i> | <i>Market value</i> | <i>% of total net assets</i> |
| Financial assets at fair value through profit or loss | | | | |
| Listed equity securities | \$ 16,104,047 | 88.63 | \$ 16,226,326 | 85.29 |
| Listed investment funds | 929,976 | 5.12 | - | - |
| Unlisted China A Share access product | - | - | 785,839 | 4.13 |
| | <u>\$ 17,034,023</u> | <u>93.75</u> | <u>\$ 17,012,165</u> | <u>89.42</u> |

The Sub-Fund is exposed to price risk arising from changes in market prices of listed equity securities.

10 Financial instruments and associated risks (Continued)

The following table shows the net market exposure of the Sub-Fund by market:

| <i>By market</i> | 2023 | 2022 |
|--------------------------|----------------------|----------------------|
| PRC | \$ 60,001 | \$ 2,350,738 |
| Hong Kong | 6,183,267 | 8,672,667 |
| Korea | 686,776 | - |
| United States of America | 10,103,979 | 5,988,760 |
| | <u>\$ 17,034,023</u> | <u>\$ 17,012,165</u> |

The following table shows the net market exposure of the Sub-Fund by industry:

| <i>By industry</i> | 2023 % investment portfolio | 2022 % investment portfolio |
|------------------------|-----------------------------------|-----------------------------------|
| Communication services | 9.58 | 25.99 |
| Consumer discretionary | 34.64 | 12.43 |
| Consumer staples | 5.19 | - |
| Energy | 5.96 | 7.56 |
| Financials | 4.03 | 6.15 |
| Healthcare | 4.26 | 7.61 |
| Industrials | 1.18 | 6.13 |
| Information technology | 26.33 | 20.32 |
| Investment Funds | 5.46 | - |
| Materials | 3.37 | 4.58 |
| Real estate | - | 4.62 |
| Utilities | - | 4.61 |
| | <u>100.00</u> | <u>100.00</u> |

As at 31 December 2023 and 31 December 2022, the Sub-Fund had no individual investment with fair value which was larger than 10% of the Sub-Fund's net asset value.

The Sub-Fund's market price is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The table below summarises the overall market exposures of the Sub-Fund and the impact of increases/decreases from the Sub-Fund's financial assets at fair value through profit or loss on the Sub-Fund's net asset value as at 31 December 2023 and 31 December 2022. The analysis is based on the assumption that the underlying investments in equity securities 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.

10 Financial instruments and associated risks (Continued)

| | <i>Carrying value of financial assets at fair value through profit or loss</i> | <i>% of net assets</i> | <i>Market index</i> | <i>% shift in underlying securities increase/ (decrease)</i> | <i>Estimated possible change in net asset value increase/ (decrease)</i> |
|--------------------------|--|----------------------------|---------------------|--|--|
| 31 December 2023 | | | | | |
| Listed equity securities | \$ 16,104,047 | 88.63 | MSCI China Index | 11 (11) | 1,100,228 (1,100,228) |
| 31 December 2022 | | | | | |
| Listed equity securities | \$ 16,226,326 | 85.29 | MSCI China Index | 17 (17) | 2,758,475 (2,758,475) |

The Manager has used its view of what would be a “reasonable shift” in each key market to estimate the impact in the market sensitivity analysis above.

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of interest-bearing financial instruments and their future cash flows. Except for cash and cash equivalents, all the financial assets and liabilities of the Sub-Fund are not interest-bearing. As a result, the Sub-Fund has limited exposure to interest rate risk.

(iii) Currency risk

The Sub-Fund may invest in financial instruments and enter into transactions that are denominated in currencies other than its functional currency. Consequently, the Sub-Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value of that portion of the Sub-Fund’s financial assets or liabilities denominated in currencies other than USD. The Manager monitors the Sub-Fund’s foreign currency exposures on an ongoing basis. The table below summarises the Sub-Fund’s net exposure in monetary and non-monetary assets and liabilities.

10 Financial instruments and associated risks (Continued)

| <i>Currencies</i> | 2023 | | 2022 | |
|--------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| | <i>Cash and cash equivalent</i> | <i>other financial instruments</i> | <i>Cash and cash equivalent</i> | <i>other financial instruments</i> |
| Australian dollars | \$ - | \$ - | \$ 137 | \$ - |
| British Pounds | - | - | 25,820 | - |
| Chinese Yuan | 575 | - | 402,147 | 1,564,899 |
| Euros | - | - | 75 | - |
| Japanese Yen | 3,527 | - | 166 | - |
| Singapore dollars | - | - | 115 | - |
| South Korean Won | - | 686,776 | - | - |
| Total | \$ 4,102 | \$ 686,776 | \$ 428,460 | \$ 1,564,899 |

The table below summarises the impact of increase or decrease of key exchange rates on the exposures tabled above, to which the Sub-Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by 5% with all other variables held constant.

| <i>Currencies</i> | 2023 | | 2022 | |
|--------------------|---------------------------------|------------------------------------|---------------------------------|------------------------------------|
| | <i>Cash and cash equivalent</i> | <i>other financial instruments</i> | <i>Cash and cash equivalent</i> | <i>other financial instruments</i> |
| Australian dollars | \$ - | \$ - | \$ 7 | \$ - |
| British Pounds | - | - | 1,291 | - |
| Chinese Yuan | 29 | - | 20,107 | 78,245 |
| Euros | - | - | 4 | - |
| Japanese Yen | 176 | - | 8 | - |
| Singapore dollars | - | - | 6 | - |
| South Korean Won | - | 34,339 | - | - |
| Total | \$ 205 | \$ 34,339 | \$ 21,423 | \$ 78,245 |

The net exposure in Hong Kong dollars (“HKD”) as at 31 December 2023 was \$4,373,323 (2022: \$10,966,038). As the HKD is currently pegged to the USD within a narrow range, the Sub-Fund does not expect any significant movement in USD/HKD exchange rate.

10 Financial instruments and associated risks (Continued)

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund. The Sub-Fund's exposure to credit risk is monitored by the Manager on an ongoing basis. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates to financial assets carried at amortised cost, as they have short term maturity.

The Sub-Fund applies the IFRS 9 general model for cash and cash equivalents, amounts due from brokers, subscription receivable and dividend receivable to measure the expected credit losses. The identified impairment loss was immaterial as the history of defaults are minimal.

All the Sub-Fund's cash and cash equivalents and financial assets at fair value through profit or loss are held in major financial institutions located in Hong Kong, which the Sub-Fund believes are of high credit quality. The Manager considers that the Sub-Fund does not have a significant concentration of credit risk.

The Sub-Fund is also subject to credit and counterparty risk associated with each access product issuer (the "AP Issuer") and may suffer losses potentially equal to the full value of the China A Share access products issued by an AP issuer if such AP issuer fails to perform its obligations under the China A Share access products.

The Manager mitigates the counterparty risk associated with the Sub-Fund by putting in place appropriate counterparty risk management procedures. The Manager monitors the credit rating of the brokers on an ongoing basis.

The table below sets out the net exposure of the Sub-Fund to counterparties as at 31 December 2023 and 31 December 2022 together with their credit ratings provided by Standard & Poor's rating services:

| | 2023 | | 2022 | |
|--|---------------|--------------------------------|---------------|--------------------------------|
| | Credit rating | Net exposure to counterparties | Credit rating | Net exposure to counterparties |
| Cash and cash equivalents | | | | |
| Citibank N.A., Hong Kong Branch | A-1 | \$ 446,016 | A-1 | \$ 1,893,490 |
| Financial assets at fair value through profit or loss | | | | |
| Citibank N.A., Hong Kong Branch | A-1 | \$ 17,034,023 | A-1 | \$ 16,226,326 |
| Amounts due from brokers | | | | |
| Citibank N.A., Hong Kong Branch | A-1 | \$ 9,267,027 | A-1 | \$ 7,820,282 |
| AP issuers | | | | |
| BOCI Financial Products Limited | A-1 | - | A-1 | \$ 785,839 |

10 Financial instruments and associated risks (Continued)

(c) Liquidity risk

Liquidity risk arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. As unitholders may realise units on any dealing day, the Sub-Fund is exposed to liquidity risk of meeting unitholder redemptions.

As at 31 December 2023 and 31 December 2022, the Sub-Fund's investments in listed equity securities are considered to be readily realisable because they are traded on major stock exchanges.

As at 31 December 2023 and 31 December 2022, the Sub-Fund's financial assets include unlisted China A Share access products, which are generally illiquid. As a result, the Sub-Fund may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements.

The table below analyses the remaining contractual maturities of the Sub-Fund's financial liabilities as at 31 December 2023 and 31 December 2022:

| | 2023 | | | | | Total |
|--|------------------------|---------------------|------------------------|-----------------------|-----------------------------|----------------------|
| | Repayable on demand | Within 1 month | 1 month to 3 months | 3 months to 1 year | No specified maturity | |
| Amounts due to brokers | \$ - | \$ 8,198,596 | \$ - | \$ - | \$ - | \$ 8,198,596 |
| Redemption payable | - | 164,357 | - | - | - | 164,357 |
| Accruals and other payables | - | 238,721 | - | - | - | 238,721 |
| Net assets attributable to unitholders | 18,169,131 | - | - | - | - | 18,169,131 |
| Total financial liabilities | \$ 18,169,131 | \$ 8,601,674 | \$ - | \$ - | \$ - | \$ 26,770,805 |

| | 2022 | | | | | Total |
|--|------------------------|---------------------|------------------------|-----------------------|-----------------------------|----------------------|
| | Repayable on demand | Within 1 month | 1 month to 3 months | 3 months to 1 year | No specified maturity | |
| Amounts due to brokers | \$ - | \$ 7,408,651 | \$ - | \$ - | \$ - | \$ 7,408,651 |
| Redemption payable | - | 171,062 | - | - | - | 171,062 |
| Accruals and other payables | - | 139,035 | - | - | - | 139,035 |
| Net assets attributable to unitholders | 19,024,439 | - | - | - | - | 19,024,439 |
| Total financial liabilities | \$ 19,024,439 | \$ 7,718,748 | \$ - | \$ - | \$ - | \$ 26,743,187 |

11 Fair value information

(a) Financial instruments carried at fair value

The table below presents the fair value of the Sub-Fund’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

| | 2023 | | | |
|---------------------------------------|---------------|------------|---------|---------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Listed equity securities | \$ 16,104,047 | \$ - | \$ - | \$ 16,104,047 |
| Listed investment funds | 929,976 | - | - | 929,976 |
| | \$ 17,034,023 | \$ - | \$ - | \$ 17,034,023 |
| | 2022 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Unlisted China A Share access product | \$ - | \$ 785,839 | \$ - | \$ 785,839 |
| Listed equity securities | 16,226,326 | - | - | 16,226,326 |
| | \$ 16,226,326 | \$ 785,839 | \$ - | \$ 17,012,165 |

For the year ended 31 December 2023 and 31 December 2022, there were no transfers between levels of investments held by the Sub-Fund.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(b) Fair values of financial instruments carried at other than fair value

The financial assets and financial liabilities included in the statement of financial position, except the financial assets at fair value through profit or loss, are carried at amortised cost. Their carrying values are an appropriate approximation of fair value.

12 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2023

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Sub-Fund.

| | <i>Effective for accounting periods beginning on or after</i> |
|--|---|
| Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1) | 1 January 2024 |
| Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) | 1 January 2024 |
| Lack of Exchangeability (Amendments to IAS 21) | 1 January 2025 |

The Sub-Fund is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements.

13 Approval of financial statements

The financial statements were approved and authorized for issue by the Management on 27 March 2024.

Investment portfolio (unaudited)
as at 31 December 2023
(Expressed in United States dollars)

| | <i>Holdings</i> | <i>Market value</i> | <i>% of total net assets</i> |
|---|-----------------|---------------------|------------------------------|
| China listed equity securities | | | |
| CAFE DE CORAL HOLDINGS LTD | 52,000 | \$ 60,001 | 0.33 |
| | | <u>\$ 60,001</u> | <u>0.33</u> |
| Hong Kong listed equity securities | | | |
| CHAOJU EYE CARE HOLDINGS LTD | 40,000 | \$ 22,642 | 0.12 |
| CHINA HONGQIAO GROUP LTD | 452,500 | 370,297 | 2.04 |
| CHINA MOLYBDENUM CO LTD-H | 375,000 | 205,064 | 1.13 |
| CHINA TRADITIONAL CHINESE MEDICINE HOLDI | 1,136,000 | 571,744 | 3.15 |
| CHINA WANTIAN HOLDINGS LTD | 6,050,000 | 883,264 | 4.86 |
| HAILAO INTERNATIONAL HOLDI | 498,000 | 927,308 | 5.10 |
| KINGDEE INTERNATIONAL SFTWR | 102,000 | 148,653 | 0.82 |
| NEW ORIENTAL EDUCATION & TEC | 130,100 | 920,534 | 5.07 |
| TONG REN TANG TECHNOLOGIES-H | 157,000 | 131,696 | 0.72 |
| XINYI SOLAR HLDGS | 98,000 | 57,230 | 0.31 |
| YANKUANG ENERGY GROUP CO LTD | 534,000 | 1,014,859 | 5.59 |
| | | <u>\$ 5,253,291</u> | <u>28.91</u> |
| Korea listed equity securities | | | |
| TONG YANG LIFE INSURANCE CO LTD | 195,253 | \$ 686,776 | 3.78 |
| | | <u>\$ 686,776</u> | <u>3.78</u> |
| United States listed equity securities | | | |
| ADV MICRO DEVICES INC | 7,246 | \$ 1,068,133 | 5.88 |
| ALIBABA GROUP HOLDING-SP ADR | 16,538 | 1,281,860 | 7.06 |
| ATOUR LIFESTYLE HOLDINGS-ADR | 5,707 | 99,074 | 0.55 |
| BAIDU INC - SPON ADR | 8,688 | 1,034,654 | 5.69 |
| FULL TRUCK ALLIANCE -SPN ADR | 28,530 | 199,995 | 1.10 |
| INTEL CORP | 21,745 | 1,092,686 | 6.01 |
| NETEASE INC-ADR | 6,411 | 597,249 | 3.29 |
| PDD HOLDINGS INC | 8,294 | 1,213,495 | 6.68 |
| QUALCOMM INC | 5,645 | 816,436 | 4.49 |
| TAIWAN SEMICONDUCTOR-SP ADR | 6,685 | 695,240 | 3.83 |

Investment portfolio (unaudited) (continued)
as at 31 December 2023
(Expressed in United States dollars)

| | <i>Holdings</i> | <i>Market value</i> | <i>% of total net assets</i> |
|---|-----------------|-------------------------|----------------------------------|
| United States listed equity securities (Continued) | | | |
| TAL EDUCATION GROUP- ADR | 33,409 | \$ 421,956 | 2.32 |
| TESLA INC | 3,126 | 776,748 | 4.27 |
| TRIP.COM GROUP LTD | 5,551 | 199,891 | 1.10 |
| UNITY SOFTWARE INC U | 14,834 | 606,562 | 3.34 |
| | | <u>\$ 10,103,979</u> | <u>55.61</u> |
| Hong Kong listed investment funds | | | |
| CSOP HANG SENG TECH INDE-HKD | 1,898,000 | \$ 929,976 | 5.12 |
| | | <u>\$ 929,976</u> | <u>5.12</u> |
| Total investments (Total cost of investments: \$15,808,999) | | \$ 17,034,023 | 93.75 |
| Other net assets | | <u>1,135,108</u> | <u>6.25</u> |
| Total net assets | | <u>\$ 18,169,131</u> | <u>100.00</u> |

Statement of movements in portfolio holdings (unaudited) for the year ended 31 December 2023

| | 2023 <i>% of total net assets</i> | 2022 <i>% of total net assets</i> |
|--|--|--|
| Unlisted China A Share access products | - | 4.13 |
| PRC listed equity securities | 0.33 | 8.23 |
| Hong Kong listed equity securities | 28.91 | 45.58 |
| Korea listed equity securities | 3.78 | - |
| United States listed equities | 55.61 | 31.48 |
| Hong Kong listed investment funds | 5.12 | - |
| | 93.75 | 89.42 |
| Total investments | 93.75 | 89.42 |
| Other net assets | 6.25 | 10.58 |
| Total net assets | 100.00 | 100.00 |

Performance table (unaudited)

(Expressed in United States dollars, unless otherwise indicated)

| | 2023 | 2022 | 2021 |
|--|----------------------|----------------------|----------------------|
| Total net asset value for valuation purposes (calculated in accordance with the EM) | <u>\$ 18,169,131</u> | <u>\$ 19,024,439</u> | <u>\$ 25,392,844</u> |
| Net asset value per unit in unit denomination currency (calculated in accordance with the EM) | | | |
| - AUD units | AUD 15.273 | AUD 15.019 | AUD 19.654 |
| - EUR units | EUR 13.834 | EUR 13.994 | EUR 18.429 |
| - GBP units | GBP - | GBP 8.073 | GBP - |
| - HKD units | HKD 11.633 | HKD 11.364 | HKD 15.929 |
| - SGD units | SGD 11.719 | SGD 11.645 | SGD 16.424 |
| - USD units | USD 11.338 | USD 11.081 | USD 15.549 |

Performance table (unaudited) (continued)

(Expressed in United States dollars, unless otherwise indicated)

Price record in unit denomination currency for the year (calculated in accordance with the EM)²

| | 2023 | | 2022 | | 2021 | | 2020 | | 2019 | |
|------------------------|--|---|--|---|--|---|--|---|--|---|
| | Lowest net asset value per unit | Highest net asset value per unit | Lowest net asset value per unit | Highest net asset value per unit | Lowest net asset value per unit | Highest net asset value per unit | Lowest net asset value per unit | Highest net asset value per unit | Lowest net asset value per unit | Highest net asset value per unit |
| AUD units | 14.892 | 16.772 | 12.866 | 20.232 | 18.910 | 23.856 | 15.967 | 19.737 | 14.054 | 17.180 |
| EUR units | 13.427 | 15.748 | 12.371 | 18.937 | 17.706 | 22.178 | 12.807 | 17.999 | 12.640 | 15.925 |
| GBP units ¹ | 8.292 | 8.984 | 8.076 | 8.354 | N/A | N/A | N/A | N/A | N/A | N/A |
| HKD units | 10.862 | 13.029 | 10.177 | 16.354 | 15.287 | 20.124 | 10.412 | 16.694 | 11.041 | 13.782 |
| SGD units | 11.341 | 13.031 | 10.781 | 16.831 | 15.802 | 20.530 | 11.530 | 16.882 | 11.403 | 14.103 |
| USD units | 10.565 | 12.666 | 9.867 | 15.988 | 14.923 | 19.897 | 10.339 | 16.561 | 10.863 | 13.544 |
| | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | |
| | Lowest net asset value per unit | Highest net asset value per unit | Lowest net asset value per unit | Highest net asset value per unit | Lowest net asset value per unit | Highest net asset value per unit | Lowest net asset value per unit | Highest net asset value per unit | Lowest net asset value per unit | Highest net asset value per unit |
| AUD units | 14.073 | 19.373 | 13.078 | 18.239 | 11.599 | 14.202 | 13.115 | 20.676 | 10.986 | 15.128 |
| EUR units | 12.802 | 18.284 | 13.307 | 17.289 | 11.066 | 13.944 | 12.066 | 20.831 | 10.657 | 14.568 |
| GBP units ¹ | 7.781 | 10.891 | 7.577 | 10.411 | 5.632 | 8.378 | 5.946 | 12.151 | 10.397 | 12.199 |
| HKD units | 11.205 | 16.915 | 10.499 | 15.531 | 9.305 | 11.709 | 10.325 | 17.503 | 11.001 | 13.406 |
| SGD units | 11.635 | 16.849 | 11.649 | 15.953 | 9.954 | 12.276 | 11.088 | 18.011 | 10.562 | 13.585 |
| USD units | 11.023 | 16.689 | 10.446 | 15.350 | 9.228 | 11.649 | 10.281 | 17.459 | 11.007 | 13.401 |

¹ The units of GBP class were fully redeemed on 4 September 2014 and reissued at GBP10 per unit on 15 January 2015. The highest and lowest net asset value per unit of 2014 and 2015 represented the values in the period from 1 January 2014 to 4 September 2014 and 15 January 2015 to 31 December 2015, respectively.

The units of GBP class were fully redeemed on 13 December 2018. The highest and lowest net asset value per unit of 2018 represented the values in the period from 1 January 2018 to 13 December 2018.

² Past performance figures shown are not indicative of the future performance of the Sub-Fund.

