

Annual Report

VL CHINA FUND

(A sub-fund of VL Trusts, an umbrella unit trust established under the laws of Hong Kong)

For the period from 1 July 2023 to 21 August 2024 (date of termination)

## VL CHINA FUND

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## VL CHINA FUND

### MANAGEMENT AND ADMINISTRATION

#### **Manager**

VL Asset Management Limited  
Unit 1807, 308 Central Des Voeux  
308 Des Voeux Road Central  
Hong Kong

#### **Directors of the Manager**

LAM Siu Yeung  
WONG Koon Man Adrian  
TO Tsz Wai (resigned on 15 July 2024)

#### **Trustee**

Standard Chartered Trust (Hong Kong) Limited  
14/F Standard Chartered Bank Building  
4-4A Des Voeux Road Central  
Hong Kong  
(retired on 30 November 2023)

Standard Chartered Trustee (Hong Kong) Limited  
14/F Standard Chartered Bank Building  
4-4A Des Voeux Road Central  
Hong Kong  
(effective on 30 November 2023)

#### **Administrator, Registrar and Custodian**

Standard Chartered Bank (Hong Kong) Limited  
32/F Standard Chartered Bank Building  
4-4A Des Voeux Road Central  
Hong Kong

#### **Auditor**

Ernst & Young  
27/F, One Taikoo Place  
979 King's Road, Quarry Bay  
Hong Kong

#### **Legal Counsel to the Manager**

Baker & McKenzie  
14/F, One Taikoo Place  
979 King's Road  
Hong Kong

## REPORT OF THE MANAGER TO THE UNITHOLDERS

### Report for the period from 1 July 2023 to 21 August 2024 (date of termination)

This Report does not constitute any offer of units. Indeed no unit has been on offer since 15 July 2024.

Due to a host of factors (economic and geopolitical including), the Hong Kong/ China stock market conditions have been trying and investors' appetite in stocks in those markets dwindling over the past few years (as of late summer of 2024). The net asset value of the Sub-Fund has been less than HK\$100 million for some time.

Consequently, it has become difficult to continue to manage the Sub-Fund in a cost efficient manner, given the small fund size. This is notwithstanding that the performance of the Sub-Fund had picked up since the start of 2024. During the six months from 1 January 2024 to 30 June 2024, the Sub-Fund was up 18.59% (Class A) and 19.03% (Class B)<sup>1</sup> respectively. For reference only, the MSCI China Index was up 4.72% and the Hang Seng Index 6.16%<sup>2</sup>, both with dividends reinvested, over the same period.

With regret, we concluded in summer of 2024 that it would be in the best interest of the unitholders of the Sub-Fund to terminate the Sub-Fund. In reaching that conclusion, we had detailed discussions with the Trustee. We had also obtained all the necessary approvals from our regulator, the Securities and Futures Commission of Hong Kong, to terminate the Sub-Fund (and the Trust) in an orderly fashion.

The decision to terminate the Sub-Fund has not been an easy one to make but was based on the consideration that unitholders' best interest takes precedence. We are grateful to you for your support to the Sub-Fund.

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VL Asset Management Limited  
10 December 2024

<sup>1</sup> VL China Fund Class A Unit and Class B Unit, calculated by VL Asset Management Limited in HKD on a NAV to NAV basis with dividend invested. Calculation is based on published NAV.

<sup>2</sup> Index figures are total returns with net dividends invested. Data sources from Bloomberg.

## REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of VL China Fund has, in all material respects, managed VL China Fund in accordance with the provisions of the trust deed dated 16 February 2015, the amended and restated deed dated 20 December 2019, and the deed of retirement and appointment of trustee and supplemental deed dated 20 November 2023 (collectively, the "Trust Deed") for the period from 1 July 2023 to 21 August 2024 (the date of termination).

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Standard Chartered Trustee (Hong Kong) Limited  
10 December 2024

**Independent auditor's report**

To the unitholders of VL China Fund

(A sub-fund of VL Trusts, an umbrella unit trust established under the laws of Hong Kong)

**Report on the audit of financial statements****Opinion**

We have audited the financial statements of VL China Fund (a sub-fund of VL Trusts (the "Trust") and referred to hereinafter as the "Sub-Fund") set out on pages 7 to 34, which comprise the statement of financial position as at 21 August 2024 (date of termination), and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders, and the statement of cash flows for the period from 1 July 2023 to 21 August 2024 (date of termination), and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 21 August 2024 (date of termination), and of its financial performance and its cash flows for the period from 1 July 2023 to 21 August 2024 (date of termination) in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (IASB).

**Emphasis of Matter**

We draw attention to Note 2.1 to the financial statements which describes that the financial statements for the period from 1 July 2023 to 21 August 2024 (date of termination) have not been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

**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 *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the 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 Manager and the Trustee of the Sub-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.

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

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

**Independent auditor's report (continued)**

To the unitholders of VL China Fund

(A sub-fund of VL Trusts, an umbrella unit trust established under the laws of Hong Kong)

**Report on the audit of the financial statements (continued)****Responsibilities of the Manager and Trustee for the financial statements (continued)**

In preparing the financial statements, the Manager and the Trustee of the Sub-Fund are 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 Manager and the Trustee either intend to liquidate the Sub-Fund or to cease operations or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-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 16 February 2015, the amended and restated deed dated 20 December 2019, and the deed of retirement and appointment of trustee and supplemental deed dated 20 November 2023 (collectively, 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. 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 Sub-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 judgement and maintain professional scepticism 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.
- 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 Manager and the Trustee.

**Independent auditor's report** (continued)

To the unitholders of VL China Fund

(A sub-fund of VL Trusts, an umbrella unit trust established under the laws of Hong Kong)

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

- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting. When such use is inappropriate and the Manager and the Trustee use an alternative basis of accounting, we conclude on the appropriateness of the Manager and the Trustee use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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 Manager and the Trustee 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 relevant disclosure provisions of Appendix E of the SFC Code.

  
Certified Public Accountants  
Hong Kong  
10 December 2024



VL CHINA FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 1 July 2023 to 21 August 2024 (date of termination)

|   | Notes | For the<br>period from<br>1 July 2023<br>to 21 August<br>2024 (date of<br>termination)<br>HK\$ | For the<br>year ended<br>30 June<br>2023<br>HK\$ |
|---|-------|--|--|
| <b>INCOME</b>   |       |  |  |
| Dividend income   |       | 6,052,294  | 7,787,786  |
| Net losses on financial assets<br>at fair value through profit or loss  | 6     | (2,459,993)  | (54,946,298)                                     |
| Net foreign exchange differences  |       | (12,770)   | (244,193)  |
| Interest income   |       | 9,287  | 14,146   |
|   |       | <u>3,588,818</u>   | <u>(47,388,559)</u>                              |
| <b>EXPENSES</b>   |       |  |  |
| Trustee fees  | 4(a)  | 810,100  | 718,692  |
| Management fees   | 4(c)  | 1,017,890  | 1,387,984  |
| Custodian fees  | 4(e)  | 122,069  | 131,402  |
| Auditor's remuneration  |       | 234,222  | 242,940  |
| Brokerage commission  |       | 371,199  | 418,173  |
| Transaction costs   | 4(f)  | 355,593  | 373,068  |
| Legal and professional fees   |       | 19,082   | 9,918  |
| Bank charges  |       | 8,123  | 1,980  |
| Other operating expenses  |       | 12,000   | 12,000   |
|   |       | <u>2,950,278</u>   | <u>3,296,157</u>                                 |
| <b>PROFIT/(LOSS) BEFORE TAX</b>   |       | <u>638,540</u>   | <u>(50,684,716)</u>                              |
| Withholding taxes   | 5     | <u>(401,163)</u>   | <u>(440,215)</u>                                 |
| <b>INCREASE/(DECREASE) IN NET ASSETS<br/>ATTRIBUTABLE TO UNITHOLDERS AND TOTAL<br/>COMPREHENSIVE INCOME FOR THE PERIOD/YEAR</b> |       |  |  |
|   |       | <u>237,377</u>   | <u>(51,124,931)</u>                              |

VL CHINA FUND

STATEMENT OF FINANCIAL POSITION

As at 21 August 2024 (date of termination)

|   | Notes | As at<br>21 August<br>2024 (date<br>of termination)<br>HK\$ | As at<br>30 June<br>2023<br>HK\$ |
|---|-------|---|----------------------------------|
| <b>ASSETS</b>   |       |   |                                  |
| Financial assets at fair value through profit or loss                           | 6, 7  | -   | 119,806,665                      |
| Dividends receivable, net of withholding taxes                                  |       | 81,741  | 2,525,002                        |
| Prepayments   |       | -   | 82                               |
| Cash and bank balances  | 8     | <u>83,828,588</u>   | <u>1,588,269</u>                 |
| <b>TOTAL ASSETS</b>   |       | <u><b>83,910,329</b></u>                                    | <u><b>123,920,018</b></u>        |
| <b>LIABILITIES</b>  |       |   |                                  |
| Amount due to the Manager   | 11(c) | 10  | 10                               |
| Trustee fee payable   | 4(a)  | 105,828   | 54,833                           |
| Management fee payable  | 4(c)  | 179,215   | 197,162                          |
| Accruals and other payables   |       | 304,616   | 303,955                          |
| Amounts payable on redemption   |       | <u>83,320,660</u>   | <u>-</u>                         |
| <b>TOTAL LIABILITIES (EXCLUDING NET ASSETS<br/>ATTRIBUTABLE TO UNITHOLDERS)</b> |       | <u><b>83,910,329</b></u>                                    | <u><b>555,960</b></u>            |
| <b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>                                   | 10    | <u><b>-</b></u>   | <u><b>123,364,058</b></u>        |
| <b>TOTAL LIABILITIES (INCLUDING NET ASSETS<br/>ATTRIBUTABLE TO UNITHOLDERS)</b> |       | <u><u><b>83,910,329</b></u></u>                             | <u><u><b>123,920,018</b></u></u> |

VL Asset Management Limited  
Manager

Standard Chartered Trustee (Hong Kong) Limited  
Trustee

# VL CHINA FUND

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 1 July 2023 to 21 August 2024 (date of termination)

|   | Notes | Number of units         | HK\$                 |
|---|-------|-------------------------|----------------------|
| At 1 July 2022  |       | 2,188,128.2725          | 254,945,945          |
| Subscriptions of units  |       |                         |                      |
| - Class A   | 9     | 881.1287                | 78,306               |
| - Class B   | 9     | -                       | -                    |
|   |       | <u>881.1287</u>         | <u>78,306</u>        |
| Redemptions of units  |       |                         |                      |
| - Class A   | 9     | (4,459.2924)            | (363,260)            |
| - Class B   | 9     | (848,672.8101)          | (80,172,002)         |
|   |       | <u>(853,132.1025)</u>   | <u>(80,535,262)</u>  |
| Decrease in net assets attributable to unitholders<br>and total comprehensive income for the year   |       | <u>-</u>                | <u>(51,124,931)</u>  |
| At 30 June 2023 and 1 July 2023   |       | 1,335,877.2987          | 123,364,058          |
| Subscriptions of units  |       |                         |                      |
| - Class A   | 9     | 7,244.8234              | 657,179              |
| - Class B   | 9     | -                       | -                    |
|   |       | <u>7,244.8234</u>       | <u>657,179</u>       |
| Redemptions of units  |       |                         |                      |
| - Class A   | 9     | (213,417.3221)          | (18,564,597)         |
| - Class B   | 9     | (1,129,704.8000)        | (105,694,017)        |
|   |       | <u>(1,343,122.1221)</u> | <u>(124,258,614)</u> |
| Increase in net assets attributable to unitholders<br>and total comprehensive income for the period |       | <u>-</u>                | <u>237,377</u>       |
| At 21 August 2024 (date of termination)   |       | <u>-</u>                | <u>-</u>             |

VL CHINA FUND

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

For the period from 1 July 2023 to 21 August 2024 (date of termination)

|                          |    | As at<br>21 August<br>2024 (date<br>of termination)<br>HK\$ | As at<br>30 June<br>2023<br>HK\$ |
|--------------------------|----|---|----------------------------------|
| NUMBER OF UNITS IN ISSUE |    |   |                                  |
| - Class A                | 9  | <u>-</u>  | <u>206,172.4987</u>              |
| - Class B                | 9  | <u>-</u>  | <u>1,129,704.8000</u>            |
| NET ASSET VALUE PER UNIT |    |   |                                  |
|                          |    | HK\$  | HK\$                             |
| - Class A                | 10 | <u>-</u>  | <u>84.1973</u>                   |
| - Class B                | 10 | <u>-</u>  | <u>93.8341</u>                   |

VL CHINA FUND

STATEMENT OF CASH FLOWS

For the period from 1 July 2023 to 21 August 2024 (date of termination)

|  | Note | For the<br>period from<br>1 July 2023<br>to 21 August<br>2024 (date of<br>termination)<br>HK\$ | For the<br>year ended<br>30 June<br>2023<br>HK\$ |
|--|------|--|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |      |  |  |
| Profit/(loss) before tax   |      | 638,540  | (50,684,716)                                     |
| Adjustments to reconcile changes in net assets attributable<br>to unitholders to net cash from operating activities: |      |  |  |
| Dividend income  |      | (6,052,294)  | (7,787,786)                                      |
| Interest income  |      | (9,287)  | (14,146)   |
|  |      | <u>(5,423,041)</u>   | <u>(58,486,648)</u>                              |
| Decrease in financial assets at fair<br>value through profit or loss   |      | 119,806,665  | 123,592,031                                      |
| Decrease in amount due from brokers  |      | -  | 3,466,890  |
| Decrease/(increase) in prepayments   |      | 82   | (82)   |
| Decrease in amounts due to brokers   |      | -  | (1,196,983)                                      |
| Increase in trustee fee payable  |      | 50,995   | -  |
| Decrease in management fee payable   |      | (17,947)   | (147,901)  |
| Increase/(decrease) in accruals and other payables   |      | <u>661</u>   | <u>(1,352)</u>                                   |
| Cash flows from operations   |      | 114,417,415  | 67,225,955                                       |
| Withholding taxes paid   |      | (401,163)  | (440,215)  |
| Dividends received   |      | 8,495,555  | 8,243,382  |
| Interest received  |      | <u>9,287</u>   | <u>14,146</u>                                    |
| Net cash flows from operating activities   |      | <u>122,521,094</u>   | <u>75,043,268</u>                                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |      |  |  |
| Proceeds from subscription of units  |      | 657,179  | 78,306   |
| Payment on redemption of units   |      | <u>(40,937,954)</u>  | <u>(80,535,262)</u>                              |
| Net cash flows used in financing activities  |      | <u>(40,280,775)</u>  | <u>(80,456,956)</u>                              |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS   |      | 82,240,319   | (5,413,688)                                      |
| Cash and cash equivalents at beginning of period/year  |      | <u>1,588,269</u>   | <u>7,001,957</u>                                 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR  |      | <u><u>83,828,588</u></u>   | <u><u>1,588,269</u></u>                          |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:</b>  |      |  |  |
| Cash at bank   | 8    | <u><u>83,828,588</u></u>   | <u><u>1,588,269</u></u>                          |

## VL CHINA FUND

### NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

#### 1. THE SUB-FUND

VL Trusts (the "Trust") was an umbrella unit trust established under the laws of Hong Kong by the trust deed dated 16 February 2015 (the "Trust Deed") with VL Asset Management Limited as manager (the "Manager"). Standard Chartered Trust (Hong Kong) Limited was originally the trustee under the Trust Deed but retired on 30 November 2023. Standard Chartered Trustee (Hong Kong) Limited (the "Trustee") was appointed as the new trustee of the Trust with effect from 30 November 2023, under the deed of retirement and appointment of trustee and supplemental deed dated 20 November 2023. The Trust Deed was amended and restated on 20 December 2019. The Trust has been established as an umbrella fund and separate and distinct sub-funds may be established by the Manager and the Trustee within the Trust.

VL China Fund (the "Sub-Fund") is a sub-fund of the Trust. The Trust and the Sub-Fund are authorised by the Securities and Futures Commission (the "SFC") pursuant to section 104(1) of the Securities and Futures Ordinance and are required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the "SFC Code"). Authorisation by the SFC does not imply official approval or recommendation. The date of inception of the Sub-Fund was 10 August 2015 with a financial year-end of 30 June.

The investment objective of the Sub-Fund is to provide long-term capital appreciation by investing in a diversified portfolio of equity securities of companies in different industry sectors whose primary business focus is in the China region.

Pursuant to Clause 35.4(A) of the Trust Deed, and as disclosed in the explanatory memorandum of the Trust and the Sub-Fund (the "Explanatory Memorandum"), the Manager may, in its discretion, cause a Sub-Fund to be terminated if the aggregate net asset value of the units outstanding hereunder in respect of such Sub-Fund shall be less than HK\$100 million. As at 25 May 2024, the net asset value of the Sub-Fund was HK\$91,250,000. Pursuant to the notice to unitholders dated 15 July 2024, the Manager has decided to terminate the Sub-Fund with effect from 21 August 2024 (date of termination).

Pursuant to the notice to unitholders dated 15 July 2024, the Manager confirms to bear all the cost and expenses in connection with the termination and withdrawal of authorisation of the Trust and the Sub-Fund.

Following the termination of VL China Fund, the Manager has applied to the SFC to withdraw the authorisation of the Sub-Fund granted pursuant to Section 104(1) of the Securities and Futures Ordinance and such authorisation was withdrawn on 23 August 2024.

#### 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB, and the relevant disclosure requirements specified in the Trust Deed of the Trust and Appendix E to the SFC Code.

The financial statements have been prepared on a historical cost basis, except for financial assets classified at fair value through profit or loss, that have been measured at fair value.

The financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest dollars, except when otherwise indicated.

## VL CHINA FUND

### NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

#### 2.1 BASIS OF PREPARATION (continued)

The financial statements have been prepared for the period from 1 July 2023 to 21 August 2024 (date of termination). Accordingly, prior period figures are shown for the year ended 30 June 2023 and are not necessarily comparable.

As explained in note 1 to the financial statements, the Manager has decided to terminate the Sub-Fund. Accordingly, in the opinion of the Manager of the Sub-Fund, the going concern basis is no longer applicable and these financial statements have been prepared on a liquidation basis. The Manager of the Sub-Fund has assessed the carrying values of the Sub-Fund's assets and liabilities and determined that these approximate the net realisable values and estimated settlement amounts, respectively. The liquidation costs will be borne by the Manager.

#### 2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

The Sub-Fund has adopted the following revised IFRSs, which are applicable to the Sub-Fund for the first time in the current period's financial statements.

Amendments to IAS 8  
Amendments to IAS 1 and  
IFRS Practice Statement 2

*Definition of Accounting Estimates*  
*Disclosure of Accounting Policies*

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

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 had no impact on the Sub-Fund's financial statements.

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

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 have had an impact on the Sub-Fund's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Sub-Fund's financial statements.

21 August 2024 (date of termination)

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

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Sub-Fund as this is the last set of financial statements of the Sub-Fund.

### 2.4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

#### Judgements and estimates

In the process of applying the Sub-Fund's accounting policies, neither the Trustee nor the Manager has made any significant judgements and estimates which have a significant effect on the amounts recognised in the financial statements.

#### Estimation uncertainty

In the process of applying the Sub-Fund's accounting policies, neither the Trustee nor the Manager has made any 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.

## 3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below.

#### Financial instruments

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

In accordance with IFRS 9, the Sub-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).



21 August 2024 (date of termination)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) **Classification** (continued)

**Financial assets**

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

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

*Financial assets measured at amortised cost*

The Sub-Fund includes in this category short-term non-financing receivables including dividends receivable, net of withholding taxes and cash and bank balances.

*Financial assets measured at 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 Sub-Fund includes in this category instruments held for trading. This category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

**Financial liabilities**

*Financial liabilities measured at FVPL*

A financial liability is measured at FVPL if it meets the definition of held for trading. The Sub-Fund includes in this category, derivative contracts in a liability position and equity securities sold short since they are classified as held for trading. The Sub-Fund also includes its net assets attributable to unitholders in this category and the Sub-Fund's accounting policy regarding the net assets attributable to unitholders is described in note 3 below.

*Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those measured at FVPL. The Sub-Fund includes amount due to the Manager, trustee fee payable, management fee payable, accruals and other payables and amounts payable on redemption in this category.

(ii) **Recognition**

The Sub-Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

All purchases or sales of financial instruments that require delivery within the time frame generally established by regulation or convention in the market place are recognised on the trade date, which is, the date that the Sub-Fund commits to purchase or sell the investments.

21 August 2024 (date of termination)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

**(iii) Initial measurement**

Financial assets and liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in statement of profit or loss and other comprehensive income.

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

**(iv) Subsequent measurement**

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are presented in the statement of profit or loss and other comprehensive income within 'Net gains or losses on financial assets and liabilities at fair value through profit or loss' in the period in which they arise.

Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in the statement of profit or loss and other comprehensive income.

Debt instruments, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the debt instruments are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other 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 instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments but does not consider future 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.

**(v) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Sub-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 Sub-Fund has transferred substantially all the risks and rewards of the asset; or (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

21 August 2024 (date of termination)

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) **Derecognition** (continued)

When the Sub-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 the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-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 Sub-Fund has retained. The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

The Sub-Fund recognises an allowance for Expected Credit Losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Sub-Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Sub-Fund may also consider a financial asset to be in default when internal or external information indicates that the Sub-Fund is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Sub-Fund. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Fair value measurement

The Sub-Fund measures its investments in financial instruments, such as equities, at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the 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 Sub-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 at the reporting date is based on their quoted price or binding dealer price quotations (within the bid-ask spread), without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

21 August 2024 (date of termination)

3. 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 valuation techniques deemed to be appropriate in the circumstances. 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 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on 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 Sub-Fund determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amounts reported on the statement of financial position 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. Since the Sub-Fund does not have a master netting arrangement, offsetting is not applied by the Sub-Fund.

Functional and presentation currency

The Sub-Fund's functional and presentation currency is the HK\$, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance and its liquidity are evaluated and managed, respectively, in HK\$. Therefore, the HK\$ is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Foreign currency translation

Transactions during the year, 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 each reporting year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

21 August 2024 (date of termination)

3. MATERIAL ACCOUNTING POLICIES (continued)

Net assets attributable to unitholders

Net assets attributable to unitholders are redeemable at the holders' option and are classified as financial liabilities as they do not meet the conditions to be classified as equity. The liabilities arising from the units are measured at the redemption amount being the net asset value calculated in accordance with IFRS.

The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders (calculated in accordance with redemption requirements) by the number of units in issue.

Distributions to unitholders

Distributions to unitholders are recognised in the statement of profit or loss and other comprehensive income as finance costs.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank that are readily convertible to known amounts of cash and which are 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 and bank balances as defined above, net of outstanding bank overdrafts, when applicable.

Dividend income and expense

Dividend income is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted, when the Sub-Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in the statement of profit or loss and other comprehensive income. Dividend expense relating to equity securities sold short is recognised when the shareholders' right to receive the payment is established.

Interest income

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

Net gains or losses 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 and excludes interest and dividend income and expense.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as 'at fair value through profit or loss' are calculated using the weighted average method. They represent the difference between an instrument's weighted average cost and the disposal amount.

Withholding taxes

The Sub-Fund is exempt from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in the statement of profit or loss and other comprehensive income.

For the purpose of the statement of cash flows, cash inflows from investments are presented gross of withholding taxes, when applicable.

21 August 2024 (date of termination)

3. MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Sub-Fund if:

- 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 Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund; or
- b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-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 entity);
  - (iii) the entity and the Sub-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 Sub-Fund or an entity related to the Sub-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 part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

4. FEES

(a) Trustee fees

The Trustee is entitled to receive a trustee fee of 0.11% (year ended 30 June 2023: 0.11%) per annum if the net asset value of the Sub-Fund is below HK\$1,000 million (year ended 30 June 2023: HK\$1,000 million) and 0.09% (year ended 30 June 2023: 0.09%) per annum on the excess if the net asset value of the Sub-Fund is HK\$1,000 million (year ended 30 June 2023: HK\$1,000 million) or above subject to a minimum monthly fee of HK\$54,600 (year ended 30 June 2023: HK\$54,600). The trustee fee will be accrued as at each valuation day (as defined in the Explanatory Memorandum) and will be payable monthly in arrears. This fee covers the fees to Standard Chartered Bank (Hong Kong) Limited (the "Administrator"), an affiliate of the Trustee and appointed by the Trustee.

The Trustee is also entitled to recover out-of-pocket expenses in performing its services together with certain transaction costs and processing fees.

(b) Administration fees

The administration fee is already included in the trustee fee.

(c) Management fees

The Manager is entitled to receive a management fee of 1.5% per annum of the net asset value of Class A units and 0.75% per annum of the net asset value of Class B units (before deduction of that month's management fee and before making any deduction for any accrued performance fee). The management fee is accrued and calculated as at each valuation day and payable monthly in arrears.

21 August 2024 (date of termination)

4. FEES (continued)

(d) Performance fees

The Manager is also entitled to receive a performance fee at 15% of Class A units and 7.5% of Class B units of the appreciation of the net asset value per unit of the relevant class (before deduction of any provision for any performance fee and any distribution declared or paid in respect of the performance period) during the calculation year above the "base net asset value" per unit of that class. The "base net asset value" is the greater of the net asset value per unit of the relevant class at the time of issue of that unit, and the highest net asset value per unit of that class achieved as at the end of any previous calculation period (if any) during which such unit was in issue.

There is no equalisation arrangement in respect of the calculation of the performance fees. There is no adjustment of equalisation credit or equalisation losses on an individual unitholder basis based on the timing the relevant unitholder subscribes or redeems the relevant units during the course of a performance period. The unitholder may be advantaged or disadvantaged as a result of this method of calculating the performance fee.

The performance fee in respect of each unit is payable in respect of each calculation period. The "calculation period" is a period of 12 calendar months commencing on each 1 July. The performance fee is deemed to accrue monthly as at each valuation day.

No performance fee was incurred during the period from 1 July 2023 to 21 August 2024 (date of termination) (year ended 30 June 2023: Nil). As at 21 August 2024 (date of termination), no performance fee (30 June 2023: Nil) was payable to the Manager.

(e) Custodian fees

The Administrator is entitled to receive safekeeping fees of 0.06% per annum for China securities, 0.03% per annum for Hong Kong securities, 0.054% per annum for SH-HK/SZ-HK StockConnect securities, 0.07% per annum for Taiwan securities, and 0.015% per annum for United States securities on the market value of the securities as at month end. The Administrator is also entitled to receive transaction fee of HK\$265 per transaction for China securities ('B' shares), HK\$117 per transaction for Hong Kong securities, HK\$156 per transaction for SH-HK/SZ-HK StockConnect securities, HK\$179 per transaction for Taiwan securities and HK\$78 per transaction for United States securities. These fees are payable monthly in arrears.

As at 21 August 2024 (date of termination), custodian fee of HK\$11,894 (30 June 2023: HK\$6,438) was payable to the Administrator. The balance was presented under 'Accruals and other payables' in the statement of financial position.

(f) Transaction costs

The transaction costs are incurred during buying or selling of financial assets at fair value through profit or loss, which are paid to brokers or other service providers.

5. INCOME TAX

The sub-fund of the Trust are exempt from Hong Kong profits tax on income arising from its authorised activities under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding income tax on income (such as dividend/interest and capital gains) imposed on securities issued by PRC tax resident enterprises. There is no assurance that the rate of the withholding tax will not be changed by the PRC tax authorities in the future.

VL CHINA FUND

NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | As at<br>21 August<br>2024 (date<br>of termination)<br>HK\$ | As at 30<br>June 2023<br>HK\$             |               |
|---|---|---|---------------|
| <b>Financial assets at fair value through profit or loss</b>                |   |   |               |
| Listed common shares, at cost   | -   | 111,277,244                               |               |
| Unrealised losses on listed common shares                                   | -   | (2,101,874)                               |               |
| Listed common shares, at fair value   | -   | 109,175,370                               |               |
| American depository receipts, at cost                                       | -   | 14,441,835                                |               |
| Unrealised losses on American depository receipts                           | -   | (13,912,597)                              |               |
| American depository receipts, at fair value                                 | -   | 529,238                                   |               |
| Exchange-traded funds, at cost  | -   | 10,039,359                                |               |
| Unrealised gains on exchange-traded funds                                   | -   | 62,698                                    |               |
| Exchange-traded funds, at fair value  | -   | 10,102,057                                |               |
| Financial assets at fair value through profit or loss                       | -   | 119,806,665                               |               |
| <b>Net changes in fair value of financial assets through profit or loss</b> |   |   |               |
|   | Net realised<br>losses<br>HK\$                              | Net unrealised<br>gains/ (losses)<br>HK\$ | Total<br>HK\$ |
| For the period from 1 July 2023<br>to 21 August 2024 (date of termination)  |   |   |               |
| <b>Financial assets at fair value<br/>through profit or loss</b>            |   |   |               |
| Net changes in fair value   | (18,411,766)  | 15,951,773                                | (2,459,993)   |
|   | Net realised<br>losses<br>HK\$                              | Net unrealised<br>losses<br>HK\$          | Total<br>HK\$ |
| For the year ended 30 June 2023   |   |   |               |
| <b>Financial assets at fair value<br/>through profit or loss</b>            |   |   |               |
| Net changes in fair value   | (48,535,880)  | (6,410,418)                               | (54,946,298)  |

As at 21 August 2024 (date of termination), the Sub-Fund did not hold any investment. As at 30 June 2023, all balances of financial assets at fair value through profit or loss were held with Standard Chartered Bank (Hong Kong) Limited, an affiliate of the Trustee.



# VL CHINA FUND

## NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

### 7. FAIR VALUE HIERARCHY

There was no financial assets and financial liabilities measured at fair value held by the Sub-Fund as at 21 August 2024 (date of termination).

The following table hierarchy shows financial instruments recognised at fair value, analysed between those whose fair value as at 30 June 2023:

|  | Quoted prices<br>in active<br>markets<br>(Level 1)<br>HK\$ | Significant<br>observable<br>inputs<br>(Level 2)<br>HK\$ | Significant<br>unobservable<br>inputs<br>(Level 3)<br>HK\$ | Total<br>HK\$      |
|--|--|--|--|--------------------|
| As at 30 June 2023   |  |  |  |                    |
| <u>Financial assets at fair value<br/>through profit or loss</u> |  |  |  |                    |
| Listed common shares   | 109,175,370  | -  | -  | 109,175,370        |
| American depository receipts                                     | 529,238  | -  | -  | 529,238            |
| Exchange-traded funds  | <u>10,102,057</u>  | <u>-</u>   | <u>-</u>   | <u>10,102,057</u>  |
|  | <u>119,806,665</u>   | <u>-</u>   | <u>-</u>   | <u>119,806,665</u> |

There have been no transfers between Level 1 and Level 2 during the period (year ended 30 June 2023: Nil) and no transfers into or out of Level 3 for the period from 1 July 2023 to 21 August 2024 (date of termination) (year ended 30 June 2023: Nil).

#### Valuation techniques

When fair values of listed common shares, American depository receipts and exchange-traded funds are based on quoted market prices, or binding dealer price quotations (within the bid-ask spread), in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Sub-Fund values these investments at last traded price (within the bid-ask spread).

### 8. CASH AND BANK BALANCES

As at 21 August 2024 (date of termination) and 30 June 2023, the balance of cash and bank balances was held in an interest-bearing account with Standard Chartered Bank (Hong Kong) Limited, an affiliate of the Trustee.

21 August 2024 (date of termination)

9. NUMBER OF UNITS IN ISSUE

The Sub-Fund's units consist of Class A shares and Class B shares. They participate in the profits and losses of the Sub-Fund and are entitled to vote at meetings of unitholders of the Sub-Fund. Each of the Class A shares and Class B shares entitles the holder to participate equally on a pro rata basis in the profits and losses and dividends of the Sub-Fund. The minimum initial investment and minimum holding for Class A and Class B are HK\$50,000 and HK\$39,000,000 respectively. The minimum subsequent investment and minimum redemption amount for Class A and Class B are HK\$5,000 and HK\$1,000,000 respectively. The Manager may, in its absolute discretion, waive or agree to a lower amount of any of the above investment minima (either generally or in any particular case).

Units can be issued and redeemed on each dealing day. A dealing day is each business day on which units may be issued or redeemed and/or such other day or days as the Manager may from time to time determine either generally or in respect of a particular class or classes of units, provided that the dealing day for the issue of units may be on a different day or days from the dealing day for the redemption of units. The unitholders may subscribe or redeem the units on any dealing day by submitting an application form or a redemption request to the registrar. Any subscription or redemption request must be received by the registrar before the dealing deadline. Subscription and redemption requests submitted after the applicable dealing deadline in respect of any dealing day will be dealt with on the next dealing day.

Under the Trust Deed, the Manager is entitled to impose a subscription fee on the issue of units of any Sub-Fund of up to a maximum of 5% of the subscription price. The subscription fee, to be received by the fund distributor, is payable in addition to the subscription price per unit. The Manager is also entitled to impose a redemption fee on the redemption of units of any Sub-Fund of up to a maximum of 5% of the redemption price of such units. The redemption fee is deducted from the redemption proceeds payable to a unitholder in respect of each unit redeemed. The Manager may, at its absolute discretion, waive or reduce the payment of all or any portion of the subscription and redemption fee (either generally or in any particular case) of a Sub-Fund.

With a view to protecting the interests of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of units of the Sub-Fund redeemed on any dealing day to 10% of the total number of units of the Sub-Fund in issue. In this event, the limitation will apply pro rata so that all unitholders of the Sub-Fund who have validly requested to redeem units of the Sub-Fund on that dealing day will redeem the same proportion of such units of the Sub-Fund.

# VL CHINA FUND

## NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

### 10. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

|  | Unit price<br>(based on financial<br>statements)<br>HK\$ | Published<br>unit price<br>HK\$ |
|--|--|---------------------------------|
| As at 21 August 2024 (date of termination) |  |                                 |
| - Class A units                            | -  | -                               |
| - Class B units                            | -  | -                               |
| As at 30 June 2023                         |  |                                 |
| - Class A units                            | 84.1973  | 84.1973                         |
| - Class B units                            | 93.8341  | 93.8341                         |

The net asset value is calculated by determining the value of the assets attributable to the Sub-Fund, including accrued income, and deducting all its liabilities as at 21 August 2024 (date of termination) and 30 June 2023. The resultant sum is divided by the total number of units in issue as at 21 August 2024 (date of termination) and 30 June 2023 to give the net asset value per unit and the resultant sum is adjusted to the nearest 4 decimal places.

As of 21 August 2024 (date of termination) and 30 June 2023, no adjustment on published net assets attributable to unitholders for the Sub-Fund.

### 11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund on the one hand and the Manager or the Trustee or any of their connected persons on the other hand were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for those disclosed in note 4 to the financial statements and below:

- (a) Deposits and investments held by the Trustee's affiliate  
As detailed in notes 6 and 8 to the financial statements, the Sub-Fund's investments and bank deposits are held by Standard Chartered Bank (Hong Kong) Limited, an affiliate of the Trustee.
- (b) Holdings in the Sub-Fund by the Manager  
As at 21 August 2024 (date of termination), the Manager held Nil Class A units of the Sub-Fund. As at 30 June 2023, the Manager held 40,398.0072 Class A units of the Sub-Fund which amounted HK\$3,401,403. As at 21 August 2024 (date of termination), the decrease in net assets attributable to the Manager amounted to HK\$3,401,403 (30 June 2023: HK\$893,398).

21 August 2024 (date of termination)

11. TRANSACTIONS WITH CONNECTED PERSONS (continued)

(c) Amount due to the Manager

The balance represented amount due to the Manager at the inception of the Sub-Fund. The balance is unsecured, interest-free and repayable on demand.

12. SOFT COMMISSION ARRANGEMENTS

The Manager and/or any of its connected persons reserves the right to effect transactions by or through the agency of another person with whom the Manager and/or any of its connected persons has an arrangement under which that party will from time to time provide to or procure for the Manager and/or any of its connected persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialised software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Sub-Fund as a whole and may contribute to an improvement in the performance of the Sub-Fund or of the Manager and/or any of its connected persons in providing services to the Sub-Fund and for which no direct payment is made but instead the Manager and/or any of its connected persons undertakes to place business with that party. Any transactions executed through such party must be consistent with best execution standards and brokerage rates must not be in excess of customary institutional full-service brokerage rates.

For the avoidance of doubt, such goods and services do not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employee salaries or direct money payments.

The Manager maintains soft dollar arrangements/practices with two of its brokers. The brokers would pay the Manager in respect of fees incurred thereby from time to time for services provided by financial data service providers. During the period/year ended 21 August 2024 (date of termination) and 30 June 2023, only one broker, Merrill Lynch on behalf of the Manager, paid HK\$31,963 (year ended 30 June 2023: HK\$19,670) to the financial data service providers in this respect.

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risks arising from holding financial instruments are inherent in the Sub-Fund's activities and are managed through a process of ongoing identification, measurement and monitoring. The Sub-Fund is primarily exposed to market risk, liquidity risk and credit risk. Information about these risk exposures at the reporting date and potential impact on the Sub-Fund is disclosed below.

Financial instruments of the Sub-Fund comprise investments in financial assets for the purpose of generating a return on the investment made, in addition to cash and bank balances, dividends receivable net of withholding taxes, and other financial instruments such as trustee fee payable, management fee payable and accruals and other payables, which arise directly from its operation.

The Manager is responsible for identifying and controlling the risks that arise from these financial instruments.

Information about the total realisable fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Manager. These mandate limits are generally conservative and reflect the investment strategy and market environment of the Sub-Fund, as well as the level of risk that the Sub-Fund is willing to accept with additional emphasis on selected industries.

21 August 2024 (date of termination)

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Concentration of risk arises when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Sub-Fund monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposures or may use derivative instruments to manage the excessive risk concentrations when they arise.

**Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Market risk is managed by adopting prudent country, single stock and other investment restrictions as disclosed in the Explanatory Memorandum.

The maximum risk resulting from financial instruments, except for securities sold short, equals their fair value.

Short selling involves borrowing securities and selling them to a broker-dealer. The Sub-Fund has an obligation to replace the borrowed securities at a later date. Short selling allows the Sub-Fund to profit from a decline in market price to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities, while the gain is limited to the price at which the Sub-Fund sold the security short. Possible losses from short sales may be unlimited as the Sub-Fund has a liability to repurchase the security in the market at prevailing prices at the date of acquisition. The Sub-Fund shall not make short sales if as a consequence the Sub-Fund's liability to deliver securities would exceed 10% of its total net asset value (and for this purpose securities sold short must be actively traded in a market where short selling is permitted).

The following risk analysis is for reporting at reporting date under IFRS 7 *Financial instruments: Disclosures* and does not guarantee future risk profile of the investments in the Sub-Fund. The risk profile of the investment in the Sub-Fund will change depending upon market environment and strategic positioning. Consequently, the disclosed risk analysis does not necessarily reflect the risk position of the investments in the Sub-Fund at any time other than at the reporting date.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments.

At 21 August 2024 (date of termination), the Sub-Fund did not hold any investment and hence have no exposure on market risk arise from possible change in interest rate. At 30 June 2023, the majority of the Sub-Fund's financial assets and liabilities are non-interest bearing as the Sub-Fund's investments are mainly listed equities.

At 21 August 2024 (date of termination) and 30 June 2023, the Sub-Fund's cash and bank balances held with the bank are exposed to interest rate risk which is considered by the Manager to be minimal. As such, the effect of a sensitivity analysis on the Sub-Fund's net profit and net asset value would be negligible.

21 August 2024 (date of termination)

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

**Market risk** (continued)

## (ii) Foreign currency risk

The Sub-Fund may invest in assets denominated in currencies other than its reporting and functional currency, the HK\$. Consequently, the Sub-Fund is exposed to risks that the exchange rate of HK\$ relative to other currencies, such as the Chinese renminbi ("CNY"), may change in a manner, which has an adverse effect on the reported value of that portion of the Sub-Fund's assets which is denominated in currencies other than the HK\$. The Manager continuously monitors the Sub-Fund's exposure to foreign currency risk.

The Manager considers exposure to foreign currency risk in respect of financial assets and liabilities denominated in United States Dollar ("US\$") as minimal as the HK\$ is pegged to US\$.

As of 21 August 2024 (date of termination), the Sub-Fund holds assets and liabilities mainly denominated in HK\$, the functional currency of the Sub-Fund. The Manager considers the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

The following table demonstrates the sensitivity as at 30 June 2023 to a reasonably possible change in the CNY exchange rates, with all other variables held constant, of the Sub-Fund's changes in net assets attributable to unitholders and on profit or loss. In practice the actual results may differ from the below sensitivity analysis and the difference could be material.

| Currency | Change in<br>currency rate | Effect on net assets attributable to unitholders |
|----------|----------------------------|--|
|          |                            | As at 30<br>June 2023<br>HK\$                    |
| CNY      | +/-5%                      | +/-897,000                                       |

## (iii) Equity price risk

Equity price risk is the risk of unfavourable changes in the fair values of equities or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares. As at 21 August 2024 (date of termination), the Sub-Fund is not subject to any equity price risk as it did not hold any equity investments in financial assets at fair value through profit and loss.

As at 30 June 2023, the equity price risk exposure arises from the Sub-Fund's investments in listed common shares, American depository receipts and exchange-traded funds. The Manager's best estimate of the effect on the net assets attributable to unitholders and on the changes in net assets attributable to unitholders from operations due to a reasonably possible change in equity indices, with all other variables held constant, is indicated in the following table. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

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## NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

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

#### **Market risk** (continued)

##### (iii) Equity price risk (continued)

The sensitivity analysis below includes the effect of possible changes in the equity price on net asset value ("NAV") as at 30 June 2023:

|                          | Class A                           |                          | Class B                           |                          |
|--------------------------|-----------------------------------|--------------------------|-----------------------------------|--------------------------|
|                          | Change<br>in equity<br>price<br>% | Effect on<br>NAV<br>HK\$ | Change in<br>equity<br>price<br>% | Effect on<br>NAV<br>HK\$ |
| Hang Seng Index          | +/-10%                            | +/-1,260,000             | +/-10%                            | +/-7,695,000             |
| Shanghai Composite Index | +/-10%                            | +/-418,000               | +/-10%                            | +/-2,554,000             |

#### **Concentration of equity price risk**

As at 21 August 2024 (date of termination), the Sub-Fund had no market exposure as it did not hold any equity investments in financial assets at fair value through profit and loss. For the year ended 30 June 2023, the spread of concentration of equity price risk by geographical distribution (based on place of primary listing or, if not listed, place of domicile) in respect of the Sub-Fund's net assets is as follows: China representing 24.2%, Hong Kong representing 72.5% and United States representing 0.4%.

The following table analyses the Sub-Fund's concentration of equity price risk by industrial distribution as a percentage of the Sub-Fund's investments as at 30 June 2023:

VL CHINA FUND

NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Market risk** (continued)

(iii) Equity price risk (continued)

**Concentration of equity price risk**

|                                    | As at 30<br>June 2023<br>% |
|------------------------------------|----------------------------|
| Automobiles & Auto Parts           | 3.9                        |
| Banking & Investment Services      | 2.9                        |
| Basic Materials                    | 2.6                        |
| Capital Goods                      | 4.1                        |
| Consumer Durables & Apparel        | 1.1                        |
| Consumer Services                  | 3.4                        |
| Energy – Fossil Fuels              | 17.8                       |
| Exchange-Traded Funds              | 8.4                        |
| Food & Beverages                   | 8.0                        |
| Industrial                         | 1.0                        |
| Insurance                          | 2.2                        |
| Media & Entertainment              | 4.2                        |
| Pharmaceuticals & Medical Research | 0.9                        |
| Real Estate                        | 8.4                        |
| Retailers                          | 3.2                        |
| Software & IT Services             | 4.1                        |
| Technology Equipment               | 3.4                        |
| Telecommunications Services        | 10.1                       |
| Transportation                     | 7.0                        |
| Utilities                          | 3.3                        |
| Total                              | <u>100</u>                 |



## NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

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

***Liquidity risk***

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The strategy is to minimise the Sub-Fund's exposure to liquidity risk by ensuring that most of its investments are publicly listed securities which have reasonable underlying trading liquidity. In addition, the Sub-Fund maintains sufficient bank deposits to meet normal operating requirements.

The Sub-Fund's exposure to liquidity risk is minimal as most of its investments are publicly listed and have reasonable underlying trading liquidity. The Sub-Fund has no borrowing as at 21 August 2024 (date of termination) and 30 June 2023. The Sub-Fund may borrow subjected to the restrictions stated in the Explanatory Memorandum.

***Financial assets***

Analysis of equity investments at fair value through profit or loss into maturity groupings is 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 the 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 counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Sub-Fund can be required to pay.

The following table summarises the maturity profile of the Sub-Fund's financial assets and liabilities based on contractual undiscounted cash flows. Balances due within six months equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Sub-Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

|   | Due within<br>1 month or<br>on demand<br>HK\$ | Due between<br>1 and 3<br>months<br>HK\$ | Others<br>HK\$ | Total<br>HK\$     |
|---|---|--|----------------|-------------------|
| As at 21 August 2024 (date of termination)        |   |  |                |                   |
| <b><u>Financial assets</u></b>                    |   |  |                |                   |
| Dividends receivable, net of<br>withholding taxes | 12,021  | 69,720                                   | -              | 81,741            |
| Cash and bank balances                            | 83,828,588                                    | -  | -              | 83,828,588        |
| <b>Total financial assets</b>                     | <b>83,840,609</b>                             | <b>69,720</b>                            | <b>-</b>       | <b>83,910,329</b> |

VL CHINA FUND

NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

**Liquidity risk** (continued)

*Financial liabilities* (continued)

|   | Due within<br>1 month or<br>on demand<br>HK\$ | Due between<br>1 and 3<br>months<br>HK\$ | Others<br>HK\$ | Total<br>HK\$ |
|---|---|--|----------------|---------------|
| As at 21 August 2024<br>(date of termination) (continued) |   |  |                |               |
| <u>Financial liabilities</u>                              |   |  |                |               |
| Amount due to the Manager <sup>^</sup>                    | 10  | -  | -              | 10            |
| Trustee fee payable                                       | 105,828                                       | -  | -              | 105,828       |
| Management fee payable                                    | 179,215                                       | -  | -              | 179,215       |
| Accruals and other payables                               | 70,394  | 234,222                                  | -              | 304,616       |
| Amounts payable on redemption                             | 83,320,660                                    | -  | -              | 83,320,660    |
| Total financial liabilities                               | 83,676,107                                    | 234,222                                  | -              | 83,910,329    |

<sup>^</sup> amount due to the Manager as stated in note 11(c) to the financial statements

|  | Due within<br>1 month or<br>on demand<br>HK\$ | Due between<br>1 and 3<br>months<br>HK\$ | Others<br>HK\$ | Total<br>HK\$ |
|--|---|--|----------------|---------------|
| As at 30 June 2023                                       |   |  |                |               |
| <u>Financial assets</u>                                  |   |  |                |               |
| Financial assets at fair value<br>through profit or loss | 119,806,665                                   | -  | -              | 119,806,665   |
| Dividends receivable, net of<br>withholding taxes        | 1,517,522                                     | 1,007,480                                | -              | 2,525,002     |
| Cash and bank balances                                   | 1,588,269                                     | -  | -              | 1,588,269     |
| Total financial assets                                   | 122,912,456                                   | 1,007,480                                | -              | 123,919,936   |
| <u>Financial liabilities</u>                             |   |  |                |               |
| Amount due to the Manager <sup>^</sup>                   | 10  | -  | -              | 10            |
| Trustee fee payable                                      | 54,833  | -  | -              | 54,833        |
| Management fee payable                                   | 197,162                                       | -  | -              | 197,162       |
| Accruals and other payables                              | 64,938  | 239,017                                  | -              | 303,955       |
| Net assets attributable to unitholders <sup>#</sup>      | -   | -  | 123,364,058    | 123,364,058   |
| Total financial liabilities                              | 316,943                                       | 239,017                                  | 123,364,058    | 123,920,018   |

<sup>^</sup> amount due to the Manager as stated in note 11(c) to the financial statements

<sup>#</sup> subject to redemption terms stated in note 9 to the financial statements and the Explanatory Memorandum

21 August 2024 (date of termination)

13. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

***Credit risk***

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

The Sub-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 honor its contractual obligations. These credit exposures exist within financing relationships, derivatives and other transactions.

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 Sub-Fund's financial assets subject to the ECL model within IFRS 9 dividends receivable net of withholding taxes and cash and bank balances. As at 21 August 2024 (date of termination), the total amount of these financial assets is HK\$83,910,329 (30 June 2023: HK\$4,113,271), on which no loss allowance had been provided. No assets are considered impaired and no amounts have been written off during the period/year.

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

The Sub-Fund is exposed to credit risk on equity instruments. They are not subject to IFRS 9's impairment requirements as they are measured at fair value through profit or loss. The carrying value of these assets represents the Sub-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.

The Sub-Fund seeks to minimise exposure to credit risk by only dealing with counterparties with high credit ratings. The Sub-Fund also continuously monitors the credit standing of its counterparties and does not expect any material losses as a result of this concentration.

The Sub-Fund's major counterparty is Standard Chartered Bank (Hong Kong) Limited which has a credit rating of A+ (30 June 2023: A+) based on Standard & Poor's and the percentage of financial assets held with them is 99.9% as at 21 August 2024 (date of termination) (30 June 2023: 98.0%).

## VL CHINA FUND

### NOTES TO FINANCIAL STATEMENTS

21 August 2024 (date of termination)

#### 14. CAPITAL MANAGEMENT

The capital of the Sub-Fund is represented by the net assets attributable to unitholders.

The Sub-Fund's objectives for managing capital are:

- To invest the capital in investments meeting the description, risk exposure and expected return indicated in the Explanatory Memorandum
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivative and other capital markets and by using various investment strategies and hedging permissible under the provisions of Chapter 7 of the SFC Code
- To maintain sufficient liquidity to meet the expenses of the Sub-Fund, and to meet redemption requests as they arise
- To maintain sufficient size to make the operation of the Sub-Fund cost-efficient

As a result of the ability to issue and redeem units, the capital of the Sub-Fund can vary depending on the demand for redemptions and subscriptions to the Sub-Fund. The Sub-Fund is not subject to externally imposed capital requirements and has no restrictions on the issue and redemptions of units.

#### 15. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the period from 1 July 2023 to 21 August 2024 (date of termination), the amounts payable on redemption of HK\$83,320,660 were fully paid.

#### 16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 10 December 2024.

VL CHINA FUND

UNAUDITED INVESTMENT PORTFOLIO

As at 21 August 2024 (date of termination)

There was no investment held as at 21 August 2024 (date of termination).

# VL CHINA FUND

## UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

For the period from 1 July 2023 to 21 August 2024 (date of termination)

|   | Movement in holdings |           |             | At 21 August 2024 (date of termination) |
|---|----------------------|-----------|-------------|---|
|   | At 1 July 2023       | Additions | Disposals   |   |
| <b>Listed investments</b>                 |                      |           |             |   |
| <b>China</b>                              |                      |           |             |   |
| Anhui Gujing Distillery Co Ltd            | 28,900               | -         | (28,900)    | -                                       |
| Beijing ZhongKe SanHuan High-Tech Co Ltd  | 70,000               | -         | (70,000)    | -                                       |
| China AMC CSI 500 ETF                     | 2,200,000            | -         | (2,200,000) | -                                       |
| China National Accord Medicines Corp Ltd  | 52,000               | -         | (52,000)    | -                                       |
| Chongqing Changan Automobile Co Ltd       | 550,000              | -         | (550,000)   | -                                       |
| Contemporary Amperex Technology Co Ltd    | 180                  | -         | (180)       | -                                       |
| Focus Media Information Technology Co Ltd | 936                  | -         | (936)       | -                                       |
| GTJA-A CSI Semi-Cndctr ETF                | 1,500,000            | -         | (1,500,000) | -                                       |
| Jiangsu Zhongtian Technology Co Ltd       | 950                  | -         | (950)       | -                                       |
| Lao Feng Xiang Co Ltd                     | 60,000               | -         | (60,000)    | -                                       |
| Moon Environment Technolog                | 70,000               | -         | (70,000)    | -                                       |
| Nantong Jianghai Capacitor                | 54,970               | -         | (54,970)    | -                                       |
| Shanghai Baosight Software                | 172,000              | 17,200    | (189,200)   | -                                       |
| Shanghai Hanbell Precise Machinery Co Ltd | 53,800               | -         | (53,800)    | -                                       |
| Wolong Electric Group Co Ltd              | 116,000              | -         | (116,000)   | -                                       |
| Xiamen Faratronic Co Ltd                  | 2,100                | -         | (2,100)     | -                                       |
| Zhejiang Crystal-Optech Co Ltd            | 120,000              | -         | (120,000)   | -                                       |

## VL CHINA FUND

## UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

For the period from 1 July 2023 to 21 August 2024 (date of termination)

|   | Movement in holdings |           |             |   |
|---|----------------------|-----------|-------------|---|
|   | At 1 July<br>2023    | Additions | Disposals   | At 21 August<br>2024 (date of<br>termination) |
| Listed investments (continued)                      |                      |           |             |   |
| Hong Kong   |                      |           |             |   |
| Ajisen China Holdings Ltd                           | -                    | 2,420,000 | (2,420,000) | -   |
| Alibaba Group Holding Ltd                           | 25,000               | -         | (25,000)    | -   |
| Anta Sports Products Ltd                            | -                    | 69,000    | (69,000)    | -   |
| Bairong Inc   | 140,000              | 120,000   | (260,000)   | -   |
| Binjiang Service Group Co Ltd                       | 46,000               | -         | (46,000)    | -   |
| BYD Co Ltd  | 5,000                | -         | (5,000)     | -   |
| Cheerwin Group Ltd                                  | -                    | 457,000   | (457,000)   | -   |
| China Bluechemical Ltd                              | 400,000              | 562,000   | (962,000)   | -   |
| China Construction Bank                             | 280,000              | -         | (280,000)   | -   |
| China Electronics Huada Technology<br>Company       | -                    | 600,000   | (600,000)   | -   |
| China Everbright Intl Ltd                           | -                    | 1,200,000 | (1,200,000) | -   |
| China Life Insurance Co Ltd                         | 200,000              | -         | (200,000)   | -   |
| China Literature Ltd                                | -                    | 50,000    | (50,000)    | -   |
| China Merchants Port Holdings Co Ltd                | 290,248              | -         | (290,248)   | -   |
| China Mobile Ltd                                    | 121,000              | 10,000    | (131,000)   | -   |
| China Petroleum & Chemical Corp                     | 740,000              | 1,070,000 | (1,810,000) | -   |
| China Railway Signal & Communication<br>Corporation | -                    | 1,068,000 | (1,068,000) | -   |
| China Resources Beer Holdings Co Ltd                | 56,000               | 66,000    | (122,000)   | -   |
| China Resources Land Ltd                            | 220,000              | -         | (220,000)   | -   |
| China Resources Power Holdings Co Ltd               | 150,000              | -         | (150,000)   | -   |
| China Shenhua Energy Co Ltd                         | 340,000              | -         | (340,000)   | -   |
| China State Construction Int                        | 140,000              | -         | (140,000)   | -   |
| China Telecom Corp Ltd                              | 300,000              | 670,000   | (970,000)   | -   |
| China Unicom Hong Kong Ltd                          | 622,000              | 524,000   | (1,146,000) | -   |
| Chow Sang Sang Holdings International<br>Limited    | -                    | 180,000   | (180,000)   | -   |
| CITIC Resources Holdings Ltd                        | -                    | 4,494,000 | (4,494,000) | -   |
| CNOOC Ltd   | 870,000              | -         | (870,000)   | -   |
| COSCO SHIPPING International (Hong<br>Kong) Co Ltd  | -                    | 396,000   | (396,000)   | -   |
| CSOP Hang Seng Index Daily                          | 180,000              | -         | (180,000)   | -   |
| Fufeng Group Ltd                                    | 350,000              | 1,701,000 | (2,051,000) | -   |
| Geely Automobile Holdings Ltd                       | 150,000              | -         | (150,000)   | -   |
| Guangdong Investment Ltd                            | 100,000              | 1,004,000 | (1,104,000) | -   |
| Guangshen Railway Company Limited                   | -                    | 1,372,000 | (1,372,000) | -   |
| H World Group Ltd                                   | -                    | 30,000    | (30,000)    | -   |
| Hang Lung Group Ltd                                 | -                    | 332,000   | (332,000)   | -   |
| Harbin Electric Co Ltd                              | -                    | 400,000   | (400,000)   | -   |
| HSBC Holdings Plc                                   | 34,000               | 62,000    | (96,000)    | -   |
| Hua Hong Semiconductor Ltd                          | 50,000               | -         | (50,000)    | -   |

## VL CHINA FUND

## UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

For the period from 1 July 2023 to 21 August 2024 (date of termination)

|  | Movement in holdings |           |             |   |
|--|----------------------|-----------|-------------|---|
|  | At 1 July<br>2023    | Additions | Disposals   | At 21 August<br>2024 (date of<br>termination) |
| <b>Listed investments (continued)</b>                |                      |           |             |   |
| <b>Hong Kong (continued)</b>                         |                      |           |             |   |
| Hua Medicine   | 69,000               | -         | (69,000)    | -   |
| Huadian Power Intl Corp                              | 200,000              | -         | (200,000)   | -   |
| INKE Ltd   | -                    | 1,000,000 | (1,000,000) | -   |
| JD.com Inc   | 166                  | 20,000    | (20,166)    | -   |
| JNBY Design Limited                                  | -                    | 200,000   | (200,000)   | -   |
| Li Ning Co Ltd                                       | 30,000               | 59,000    | (89,000)    | -   |
| Medlive Technology Co Ltd                            | -                    | 130,000   | (130,000)   | -   |
| Meituan  | 140                  | -         | (140)       | -   |
| NetEase Inc  | 6,000                | -         | (6,000)     | -   |
| Pacific Basin Shipping Ltd                           | 514,000              | -         | (514,000)   | -   |
| PICC Property and Casualty Co Ltd                    | -                    | 120,000   | (120,000)   | -   |
| Pop Mart International Group Ltd                     | -                    | 133,000   | (133,000)   | -   |
| Semiconductor Manufacturing<br>International Company | -                    | 130,000   | (130,000)   | -   |
| Shanghai Industrial Holdings Ltd                     | -                    | 200,000   | (200,000)   | -   |
| Shenzhen Intl Holdings                               | 424,000              | -         | (424,000)   | -   |
| Shenzhen Investment Ltd                              | 1,300,000            | -         | (1,300,000) | -   |
| Singamas Container Holdings Ltd                      | -                    | 1,498,000 | (1,498,000) | -   |
| SINOPEC Engineering (Group) Co Ltd                   | -                    | 280,000   | (280,000)   | -   |
| SITC International Holdings Co Ltd                   | 74,000               | -         | (74,000)    | -   |
| Tencent Holdings Ltd                                 | 12,000               | 25,000    | (37,000)    | -   |
| Tongcheng Travel Holdings Ltd                        | 180,000              | -         | (180,000)   | -   |
| Travelsky Technology Ltd                             | -                    | 165,000   | (165,000)   | -   |
| Trip.Com Group Ltd                                   | 3,000                | 1,400     | (4,400)     | -   |
| Tsingtao Brewery Co Ltd                              | 40,000               | 8,000     | (48,000)    | -   |
| Uni-President China Holdings Ltd                     | -                    | 150,000   | (150,000)   | -   |
| Yankuang Energy Group Company<br>Limited             | -                    | 466,600   | (466,600)   | -   |
| Zijin Mining Group Co Ltd                            | -                    | 122,000   | (122,000)   | -   |
| ZTE Corporation                                      | -                    | 262,200   | (262,200)   | -   |
| <b>United States</b>                                 |                      |           |             |   |
| AirNet Technology Inc                                | 10,605               | -         | (10,605)    | -   |
| I-Mab  | 6,200                | -         | (6,200)     | -   |
| TAL Education Group                                  | 6,050                | -         | (6,050)     | -   |



VL CHINA FUND

UNAUDITED PERFORMANCE TABLE

21 August 2024 (date of termination)

**Published net assets attributable to unitholders**

(Calculated in accordance with the Sub-Fund's Trust Deed)

|  | Net assets<br>attributable<br>to unitholders<br>per unit<br>HK\$ | Net assets<br>attributable<br>to unitholders<br>HK\$ |
|--|--|--|
| <b>As at 21 August 2024 (date of termination)</b>                      |  |  |
| - Class A  | -  | -  |
| - Class B  | -  | -  |
| <b>As at 30 June 2023</b>  |  |  |
| - Class A  | 84.1973  | 17,359,176   |
| - Class B  | 93.8341  | 106,004,882  |
| <b>As at 30 June 2022</b>  |  |  |
| - Class A  | 106.3122   | 22,299,048   |
| - Class B  | 117.5948   | 232,646,897  |
| <b><u>Highest issue price and lowest redemption price per unit</u></b> |  |  |
|  | Highest<br>issue price<br>per unit<br>HK\$                       | Lowest<br>redemption<br>price<br>per unit<br>HK\$    |
| <b>Period ended 21 August 2024 (date of termination)</b>               |  |  |
| - Class A  | 91.1084  | 74.3646  |
| - Class B  | N/A  | 83.2222  |
| <b>Year ended 30 June 2023</b>   |  |  |
| - Class A  | 88.8701  | 78.7206  |
| - Class B  | N/A  | 89.4686  |
| <b>Year ended 30 June 2022</b>   |  |  |
| - Class A  | 153.1165   | 105.4609   |
| - Class B  | N/A  | 113.6687   |
| <b>Year ended 30 June 2021</b>   |  |  |
| - Class A  | 165.5504   | 132.4430   |
| - Class B  | 177.1525   | N/A  |

VL CHINA FUND

UNAUDITED PERFORMANCE TABLE

21 August 2024 (date of termination)

**Highest issue price and lowest redemption price per unit** (continued)

|   | Highest<br>issue price<br>per unit<br>HK\$ | Lowest<br>redemption<br>price<br>per unit<br>HK\$ |
|---|--|---|
| <b>Year ended 30 June 2020</b>  |  |   |
| - Class A   | 115.4175                                   | 98.7239   |
| - Class B   | N/A  | 103.5411  |
| <b>Year ended 30 June 2019</b>  |  |   |
| - Class A   | 109.3017                                   | 88.5977   |
| - Class B   | N/A  | 100.2997  |
| <b>Year ended 30 June 2018</b>  |  |   |
| - Class A   | 109.6542                                   | 100.8947  |
| - Class B   | N/A  | N/A   |
| <b>Year ended 30 June 2017</b>  |  |   |
| - Class A   | 94.9266                                    | 89.0710   |
| - Class B   | N/A  | N/A   |
| <b>Period from 10 August 2015 (date of inception) to 30 June 2016</b> |  |   |
| - Class A   | 100.0115                                   | 80.2930   |
| - Class B   | 100.0000                                   | N/A   |