

Annual Report

VL CHINA FUND

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

For the year ended 30 June 2023

VL CHINA FUND

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VL CHINA FUND

MANAGEMENT AND ADMINISTRATION

Manager

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

Directors of the Manager

LAM Siu Yeung
WONG Koon Man Adrian
TO Tsz Wai

Trustee

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

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

Simmons & Simmons
30th Floor
One Taikoo Place
979 King's Road
Hong Kong

REPORT OF THE MANAGER TO THE UNITHOLDERS

Full-Year Report

As at 30 June 2023

This Report does not constitute an offer of units. Units are offered on the basis of the information contained in the current Explanatory Memorandum (and the documents referred to within it), copies of which are available from the registered office of the Manager or from any of the companies registered as distributors of VL China Fund (the "Sub-Fund").

Performance

During the period 1 July 2022 to 30 June 2023, the Sub-Fund was down 20.80% (Class A) and 20.21% (Class B)¹ owing to extreme market volatility and uncertainty. For reference purposes, the MSCI China Index was down 16.94% and the Hang Seng Index 10.77%², both with dividends reinvested, over the same period.

Review

The past 12 months remained a challenging time for investors.

During the year, the Sub-Fund's best performers were CNOOC (883 HK), China Shenhua Energy (1088 HK), China Mobile (941 HK), Yankuang Energy Group (1171 HK) and Dongfang Electric (1072 HK). The worst detractors were Alibaba (9988 HK), Meituan Dianping (3690 HK), Tencent (700 HK), Longfor Group (960 HK) and China Overseas Land Investment (688 HK).

By sector³, our positions in energy, telecoms and ETF were profitable. Information technology, consumer discretionary and real estate sectors were among the biggest decliners in our book.

In light of the slower-than-expected pace of economic recovery in the second quarter (Q2) of 2023, some investors switched to stocks less affected by recession and contraction, keeping interim market sentiment pessimistic. It is never our view that China's recovery will be a through train and that is particularly true in the case of the property market. Meanwhile, "Economic re-opening", as a theme, has receded from public attention in the Q2 but the micro economic data shows that citizens' willingness to travel and resume social activities is stronger than expected. Demand for hotels, food and beverages as well as travel remains high. In the first quarter, we underweighted "economic re-opening" themed positions but increased our allocation after their share price correction in Q2. We continue to hold tourism stocks and moderately-priced bai jiu (white liquor) as well as increased brewery stocks. Also, we added sportswear on the belief that offline consumption should remain vibrant in the second half of the year.

The Sub-Fund was almost fully invested with 2.88%⁴ cash as at 30 June 2023.

Outlook

Investment opportunities in the energy sector, whether it be petroleum, petrochemical or coal, remain large to us given the long-term uptrend in energy prices and the higher dividend yields they offer. Energy prices are expected to stay strong due to reduced oil supply and the consensus that the US is unlikely to raise interest rate further in 2024.

We continue to find the prospect of telecom operators promising for their high dividend payout. Also, their cloud services should see sustainable growth due to the overwhelming development of artificial intelligence.

As regards the semi-conductor manufacturing chains and other high-end manufacturing sectors, we are partial towards their development as their prospects should not be severely affected by the volatility of the macro economy. In the shorter term, they should benefit from rising prices due to inventory shortage. Moreover, suffering from the increasingly severe ban of semiconductor sales by the US and her allies since the start of the year, China may accelerate its own research and development of chips to replace foreign ones. Also, as the dawning of the artificial intelligence era quickens and new electronic products keep coming to the market, the longer term outlook of semiconductors being brighter is beyond question.

That said, we are aware of the risks involved in the China market. In the short term, they might originate from regional debts and the government's hesitation to implement stimulating policies (which in turn affects market confidence). In the longer run, the risks can be associated with the acceleration of her population ageing (which affects various aspects such as labor force, consumption demand and patterns). In recent years, the emergence of deglobalization has brought unprecedented challenges to certain manufacturing chains. We will continue to keep an eye on the risks and act in a prudent fashion.

A Note on Climate-Related Risk Disclosure

In response to the Hong Kong Securities and Futures Commission's latest requirement for fund managers to consider climate-related risks in their governance, investment and risk management processes, we are pleased to share with you our Disclosure Statement on Tackling Climate-related Risks (click <https://www.vlasset.com/aboutus5/?type=detail&id=6>).

Climate change is a global problem that does not respect national borders. It is more than just global warming. Businesses and companies are also affected. We need therefore to work together as a global community to tackle climate change. As value investors, we customarily apply fundamental analysis to our investment targets to assess whether they are suitable for investing and to our existing holdings for monitoring. Climate-related risks are some of the many risks we take into account in our investment process. It is our obligation to let the Sub-Fund's stakeholders well informed of our views and measures taken for the latest developments related to climate change and their impact on our company structure, strategy and the portfolios under our management. In case of any material changes, we will update you via our company website in a timely manner.

Disclosure on Upcoming Change of Trustee

On 21 September 2023, the Sub-Fund applied for Scheme Change to the SFC. The Trustee will retire as the Trustee of the Trust and the Sub-Fund, and Standard Chartered Trustee (Hong Kong) Limited will replace the Trustee and be appointed as the new trustee of the Trust and the Sub-Fund with effect from 30 November 2023.

VL Asset Management Limited

24 October 2023

1 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.

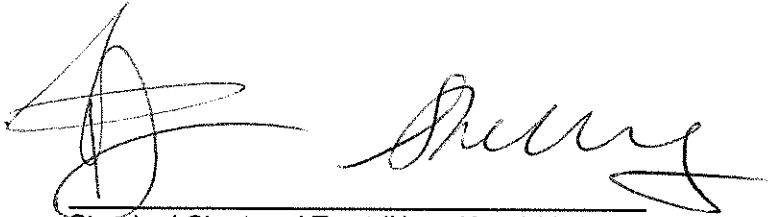
2 Index figures are total returns with net dividends invested. Data sources from Bloomberg.

3 Definition of sectors follows Bloomberg.

4 The definition of cash in this specific context refers to cash in bank, trade and dividend receivables, prepaid expenses and expense accruals.

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 (which was amended and restated on 20 December 2019) (the "Trust Deed") for the year ended 30 June 2023.



Standard Chartered Trust (Hong Kong) Limited
24 October 2023



Ernst & Young
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Quarry Bay, Hong Kong

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Independent auditor's report

To the Trustee and Manager 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 8 to 34, which comprise the statement of financial position as at 30 June 2023, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 30 June 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 Trustee and the Manager 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.

Trustee's and Manager's responsibilities for the financial statements

The Manager and the Trustee of the Sub-Fund are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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.

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

Independent auditor's report (continued)

To the Trustee and Manager 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)**Trustee's and Manager's responsibilities for the financial statements** (continued)

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 provisions of the Trust Deed dated 16 February 2015 as amended by supplemental deeds dated 20 December 2019 (collectively, the "Trust Deed") and the relevant 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 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 Trustee and the Manager.
- Conclude on the appropriateness of the Trustee's and the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.

Independent auditor's report (continued)

To the Trustee and Manager 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)

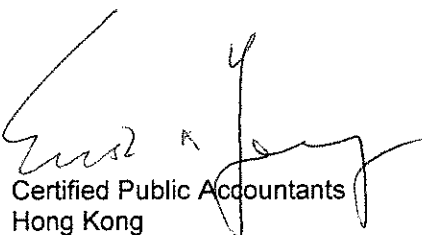
Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on matters under the relevant 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.

A handwritten signature in black ink, appearing to be 'Ernst & Young'.

Certified Public Accountants
Hong Kong
24 October 2023

VL CHINA FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Notes	2023 HK\$	2022 HK\$
INCOME			
Dividend income		7,787,786	8,784,471
Net losses on financial assets at fair value through profit or loss	6	(54,946,298)	(158,842,573)
Net foreign exchange differences		(244,193)	(1,068,499)
Interest income		14,146	-
		<u>(47,388,559)</u>	<u>(151,126,601)</u>
EXPENSES			
Trustee fees	4(a)	718,692	719,004
Management fees	4(c)	1,387,984	2,614,348
Custodian fees	4(e)	131,402	231,277
Auditor's remuneration		242,940	241,621
Brokerage commission		418,173	1,159,014
Transaction costs	4(f)	373,068	858,296
Legal and professional fees		9,918	-
Bank charges		1,980	1,980
Other operating expenses		12,000	12,000
		<u>3,296,157</u>	<u>5,837,540</u>
LOSS BEFORE TAX		<u>(50,684,716)</u>	<u>(156,964,141)</u>
Withholding taxes	5	<u>(440,215)</u>	<u>(280,271)</u>
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
		<u>(51,124,931)</u>	<u>(157,244,412)</u>

VL CHINA FUND

STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 HK\$	2022 HK\$
ASSETS			
Financial assets at fair value through profit or loss	6, 7	119,806,665	243,398,696
Amount due from brokers	8	-	3,466,890
Dividends receivable, net of withholding taxes		2,525,002	2,980,598
Prepayments		82	-
Cash and bank balances	9	<u>1,588,269</u>	<u>7,001,957</u>
TOTAL ASSETS		<u>123,920,018</u>	<u>256,848,141</u>
LIABILITIES			
Amounts due to brokers	8	-	1,196,983
Amount due to the Manager	12(c)	10	10
Trustee fee payable	4(a)	54,833	54,833
Management fee payable	4(c)	197,162	345,063
Accruals and other payables		<u>303,955</u>	<u>305,307</u>
TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>555,960</u>	<u>1,902,196</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	11	<u>123,364,058</u>	<u>254,945,945</u>
TOTAL LIABILITIES (INCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)		<u>123,920,018</u>	<u>256,848,141</u>

VL Asset Management Limited
Manager


Standard Chartered Trust (Hong Kong) Limited
Trustee

VL CHINA FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 30 June 2023

	Notes	Number of units	HK\$
At 1 July 2021		2,281,338.4415	422,176,868
Subscriptions of units			
- Class A	10	54,861.8411	7,191,544
- Class B	10	-	-
		<u>54,861.8411</u>	<u>7,191,544</u>
Redemptions of units			
- Class A	10	(7,072.0101)	(1,002,937)
- Class B	10	(141,000.0000)	(16,175,118)
		<u>(148,072.0101)</u>	<u>(17,178,055)</u>
Decrease in net assets attributable to unitholders and total comprehensive income for the year		<u>-</u>	<u>(157,244,412)</u>
At 30 June 2022 and 1 July 2022		2,188,128.2725	254,945,945
Subscriptions of units			
- Class A	10	881.1287	78,306
- Class B	10	-	-
		<u>881.1287</u>	<u>78,306</u>
Redemptions of units			
- Class A	10	(4,459.2924)	(363,260)
- Class B	10	(848,672.8101)	(80,172,002)
		<u>(853,132.1025)</u>	<u>(80,535,262)</u>
Decrease in net assets attributable to unitholders and total comprehensive income for the year		<u>-</u>	<u>(51,124,931)</u>
At 30 June 2023		<u>1,335,877.2987</u>	<u>123,364,058</u>
		2023 HK\$	2022 HK\$
NUMBER OF UNITS IN ISSUE			
- Class A	10	<u>206,172.4987</u>	<u>209,750.6624</u>
- Class B	10	<u>1,129,704.8000</u>	<u>1,978,377.6101</u>
NET ASSET VALUE PER UNIT		HK\$	HK\$
- Class A	11	<u>84.1973</u>	<u>106.3122</u>
- Class B	11	<u>93.8341</u>	<u>117.5948</u>

VL CHINA FUND

STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 HK\$	2022 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(50,684,716)	(156,964,141)
Adjustments to reconcile changes in net assets attributable to unitholders to net cash from operating activities:			
Dividend income		(7,787,786)	(8,784,471)
Interest income		(14,146)	-
		<u>(58,486,648)</u>	<u>(165,748,612)</u>
Decrease in financial assets at fair value through profit or loss		123,592,031	165,895,565
Decrease in amount due from brokers		3,466,890	1,831,505
Increase in prepayments		(82)	-
Decrease in amounts due to brokers		(1,196,983)	(3,297,253)
Decrease in trustee fee payable		-	(156)
Decrease in management fee payable		(147,901)	(208,641)
Decrease in performance fee payable		-	(11,021,129)
(Decrease)/increase in accruals and other payables		<u>(1,352)</u>	<u>6,198</u>
Cash flows from/(used in) operations		67,225,955	(12,542,523)
Withholding taxes paid		(440,215)	(280,271)
Dividends received		8,243,382	6,433,473
Interest received		14,146	-
Net cash flows from/(used in) operating activities		<u>75,043,268</u>	<u>(6,389,321)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from subscription of units		78,306	7,191,544
Payment on redemption of units		<u>(80,535,262)</u>	<u>(17,178,055)</u>
Net cash flows used in financing activities		<u>(80,456,956)</u>	<u>(9,986,511)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(5,413,688)</u>	<u>(16,375,832)</u>
Cash and cash equivalents at beginning of year		<u>7,001,957</u>	<u>23,377,789</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>1,588,269</u></u>	<u><u>7,001,957</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS:			
Cash at bank	9	<u><u>1,588,269</u></u>	<u><u>7,001,957</u></u>

VL CHINA FUND

NOTES TO FINANCIAL STATEMENTS

30 June 2023

1. THE SUB-FUND

VL Trusts (the "Trust") is an umbrella unit trust established under the laws of Hong Kong by the trust deed dated 16 February 2015 (the "Trust Deed") between VL Asset Management Limited as manager (the "Manager") and Standard Chartered Trust (Hong Kong) Limited as trustee (the "Trustee"). 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 on 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.

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.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE

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

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

Definition of Accounting Estimates¹
Disclosure of Accounting Policies¹

¹ Effective for annual periods beginning on or after 1 January 2023

30 June 2023

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURE (continued)

Amendments to IAS 8: Definition of Accounting Estimates

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments have no material impact on the Sub-Fund.

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

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides 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 to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary. The amendments have no material impact on the Sub-Fund.

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.

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. SUMMARY OF SIGNIFICANT 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).

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 amount due from brokers, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) **Classification** (continued)

Financial assets (continued)

Financial assets measured at FVPL (continued)

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. This category also includes derivative contracts in an asset position.

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 amounts due to brokers, amount due to the Manager, trustee fee payable, management fee payable and accruals and other payables 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) **Subsequent measurement** (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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).

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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'.

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3. SUMMARY OF SIGNIFICANT 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, with original maturities of three months or less.

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.

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3. SUMMARY OF SIGNIFICANT 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% (2022: 0.11%) per annum if the net asset value of the Sub-Fund is below HK\$1,000 million (2022: HK\$1,000 million) and 0.09% (2022: 0.09%) per annum on the excess if the net asset value of the Sub-Fund is HK\$1,000 million (2022: HK\$1,000 million) or above subject to a minimum monthly fee of HK\$54,600 (2022: HK\$54,600). The trustee fee will be accrued as at each valuation day (as defined in the explanatory memorandum of the Trust and the Sub-Fund (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.

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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 year ended 30 June 2023 (2022: Nil). As at 30 June 2023, no performance fee (2022: 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 30 June 2023, custodian fee of HK\$6,438 (2022: HK\$11,399) 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-funds 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.

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NOTES TO FINANCIAL STATEMENTS

30 June 2023

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$	2022 HK\$
Financial assets at fair value through profit or loss		
Listed common shares, at cost	111,277,244	238,498,216
Unrealised (losses)/gains on listed common shares	(2,101,874)	3,620,223
Listed common shares, at fair value	<u>109,175,370</u>	<u>242,118,439</u>
American depository receipts, at cost	14,441,835	14,441,835
Unrealised losses on American depository receipts	(13,912,597)	(13,161,578)
American depository receipts, at fair value	<u>529,238</u>	<u>1,280,257</u>
Exchange-traded funds, at cost	10,039,359	-
Unrealised gains on exchange-traded funds	62,698	-
Exchange-traded funds, at fair value	<u>10,102,057</u>	<u>-</u>
Financial assets at fair value through profit or loss	<u>119,806,665</u>	<u>243,398,696</u>

Net changes in fair value of financial assets through profit or loss

	Net realised losses HK\$	Net unrealised losses HK\$	Total HK\$
2023			
Financial assets at fair value through profit or loss			
Net changes in fair value	<u>(48,535,880)</u>	<u>(6,410,418)</u>	<u>(54,946,298)</u>
	Net realised losses HK\$	Net unrealised losses HK\$	Total HK\$
2022			
Financial assets at fair value through profit or loss			
Net changes in fair value	<u>(40,715,990)</u>	<u>(118,126,583)</u>	<u>(158,842,573)</u>

As at 30 June 2023 and 2022, all balances of financial assets at fair value through profit or loss are held with Standard Chartered Bank (Hong Kong) Limited, an affiliate of the Trustee.

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NOTES TO FINANCIAL STATEMENTS

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7. FAIR VALUE HIERARCHY

The following table hierarchy shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	Total HK\$
2023				
<u>Financial assets at fair value 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>

The following table hierarchy shows financial instruments recognised at fair value, analysed between those whose fair value is based on: (continued)

	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	Total HK\$
2022				
<u>Financial assets at fair value through profit or loss</u>				
Listed common shares	242,118,439	-	-	242,118,439
American depository receipts	<u>1,280,257</u>	<u>-</u>	<u>-</u>	<u>1,280,257</u>
	<u>243,398,696</u>	<u>-</u>	<u>-</u>	<u>243,398,696</u>

There have been no transfers between Level 1 and Level 2 during the year (2022: Nil) and no transfers into or out of Level 3 for the year ended 30 June 2023 (2022: Nil).

Valuation techniques

When fair values of listed common shares, American depository receipts, exchange-traded funds and exchange-traded note 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).

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NOTES TO FINANCIAL STATEMENTS

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8. AMOUNTS DUE FROM/TO BROKERS

	2023 HK\$	2022 HK\$
Amount due from brokers:		
Receivable for securities sold but not yet received	<u>-</u>	<u>3,466,890</u>
Amounts due to brokers:		
Payables for securities purchased but not yet settled	<u>-</u>	<u>1,196,983</u>

9. CASH AND BANK BALANCES

As at 30 June 2023 and 2022, 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.

10. 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.

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NOTES TO FINANCIAL STATEMENTS

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11. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unit price (based on financial statements) HK\$	Published unit price HK\$
2023		
- Class A units	84.1973	84.1973
- Class B units	93.8341	93.8341
2022		
- Class A units	106.3122	106.3122
- Class B units	117.5948	117.5948

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 30 June 2023 and 2022. The resultant sum is divided by the total number of units in issue as at 30 June 2023 and 2022 to give the net asset value per unit and the resultant sum is adjusted to the nearest 4 decimal places.

As of 30 June 2023 and 2022, no adjustment on published net assets attributable to unitholders for the Sub-Fund.

12. 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 9 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 30 June 2023, the Manager held 40,398.0072 Class A units (2022: 40,398.0072 Class A units) of the Sub-Fund which amounted to HK\$3,401,403 (2022: HK\$4,294,801). As at 30 June 2023, the decrease in net assets attributable to the Manager amounted to HK\$893,398 (2022: HK\$2,558,095).
- (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.

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13. 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 year ended 30 June 2023 and 2022, only one broker, Merrill Lynch on behalf of the Manager, paid HK\$19,670 (2022: HK\$32,829) to the financial data service providers in this respect.

14. 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, amount due from brokers, dividends receivable net of withholding taxes, and other financial instruments such as trustee fee payable, management fee payable, amounts due to brokers, 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.

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.

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

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 30 June 2023 and 2022, 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. 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.

(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.

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

Market risk (continued)

(ii) Foreign currency risk (continued)

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\$.

The following table demonstrates the sensitivity at the end of the reporting period 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 currency rate	Effect on net assets attributable to unitholders	
		2023 HK\$	2022 HK\$
CNY	+/-5%	+/-897,000	+/-1,700,500

(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. The equity price risk exposure arises from the Sub-Fund's investments in listed common shares, American depository receipts and exchange-traded funds (2022: listed common shares and American depository receipts).

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.

30 June 2023

14. 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"):

2023	Class A		Class B	
	Change in equity price %	Effect on NAV HK\$	Change in equity price %	Effect on NAV HK\$
Hang Seng Index	+/-10%	+/-1,260,000	+/-10%	+/-7,695,000
Shanghai Composite Index	+/-10%	+/-418,000	+/-10%	+/-2,554,000
2022	Class A		Class B	
	Change in equity price %	Effect on NAV HK\$	Change in equity price %	Effect on NAV HK\$
Hang Seng Index	+/-10%	+/-1,775,000	+/-10%	+/-18,517,000
Shanghai Composite Index	+/-10%	+/-343,000	+/-10%	+/-3,577,000

NOTES TO FINANCIAL STATEMENTS

30 June 2023

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

Market risk (continued)

(iii) Equity price risk (continued)

Concentration of equity price risk

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% (2022: 15.4%), Hong Kong representing 72.5% (2022: 79.6%) and United States representing 0.4% (2022: 0.5%).

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:

	2023 %	2022 %
Automobiles & Auto Parts	3.9	3.0
Banking & Investment Services	2.9	3.3
Basic Materials	2.6	-
Capital Goods	4.1	3.2
Commercial & Professional Serv	-	1.9
Consumer Durables & Apparel	1.1	1.3
Consumer Services	3.4	1.3
Energy – Fossil Fuels	17.8	6.7
Exchange-Traded Funds	8.4	-
Food & Beverages	8.0	7.5
Personal & Household Products & Services	-	1.9
Industrial	1.0	-
Insurance	2.2	2.2
Media & Entertainment	4.2	14.0
Pharmaceuticals & Medical Research	0.9	6.7
Real Estate	8.4	22.1
Retailers	3.2	16.8
Software & IT Services	4.1	-
Technology Equipment	3.4	0.7
Telecommunications Services	10.1	-
Transportation	7.0	2.8
Utilities	3.3	4.6
Total	<u>100</u>	<u>100</u>

30 June 2023

14. 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 30 June 2023 and 2022. 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 1 month or on demand HK\$	Due between 1 and 3 months HK\$	Others HK\$	Total HK\$
2023				
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	119,806,665	-	-	119,806,665
Dividends receivable, net of withholding taxes	1,517,522	1,007,480	-	2,525,002
Cash and bank balances	1,588,269	-	-	1,588,269
Total financial assets	<u>122,912,456</u>	<u>1,007,480</u>	-	<u>123,919,936</u>

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NOTES TO FINANCIAL STATEMENTS

30 June 2023

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

Liquidity risk (continued)*Financial liabilities* (continued)

	Due within 1 month or on demand HK\$	Due between 1 and 3 months HK\$	Others HK\$	Total HK\$
2023 (continued)				
<u>Financial liabilities</u>				
Amount due to the Manager [^]	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 [#]	-	-	123,364,058	123,364,058
Total financial liabilities	<u>316,943</u>	<u>239,017</u>	<u>123,364,058</u>	<u>123,920,018</u>

[^] amount due to the Manager as stated in note 12(c) to the financial statements[#] subject to redemption terms stated in note 10 to the financial statements and the Explanatory Memorandum

	Due within 1 month or on demand HK\$	Due between 1 and 3 months HK\$	Others HK\$	Total HK\$
2022				
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	243,398,696	-	-	243,398,696
Amount due from brokers	3,466,890	-	-	3,466,890
Dividends receivable, net of withholding taxes	931,879	2,048,719	-	2,980,598
Cash and bank balances	<u>7,001,957</u>	<u>-</u>	<u>-</u>	<u>7,001,957</u>
Total financial assets	<u>254,799,422</u>	<u>2,048,719</u>	<u>-</u>	<u>256,848,141</u>
<u>Financial liabilities</u>				
Amounts due to brokers	1,196,983	-	-	1,196,983
Amount due to the Manager [^]	10	-	-	10
Trustee fee payable	54,833	-	-	54,833
Management fee payable	345,063	-	-	345,063
Accruals and other payables	69,898	235,409	-	305,307
Net assets attributable to unitholders [#]	-	-	254,945,945	254,945,945
Total financial liabilities	<u>1,666,787</u>	<u>235,409</u>	<u>254,945,945</u>	<u>256,848,141</u>

[^] amount due to the Manager as stated in note 12(c) to the financial statements[#] subject to redemption terms stated in note 10 to the financial statements and the Explanatory Memorandum

30 June 2023

14. 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 are amount due from brokers, dividends receivable net of withholding taxes and cash and bank balances. As at 30 June 2023, the total amount of these financial assets is HK\$4,113,271 (2022: HK\$13,449,445), on which no loss allowance had been provided. No assets are considered impaired and no amounts have been written off during the 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+ (2022: A+) based on Standard & Poor's and the percentage of financial assets held with them is 98.0% as at 30 June 2023 (2022: 97.5%).

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NOTES TO FINANCIAL STATEMENTS

30 June 2023

15. 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.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 24 October 2023.

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UNAUDITED INVESTMENT PORTFOLIO

Year ended 30 June 2023

	Holding	Fair value HK\$	% of net assets
Listed investments			
CHINA (24.2%)			
Anhui Gujing Distillery Co Ltd	28,900	3,901,500	3.2
Beijing ZhongKe SanHuan High-Tech Co Ltd	70,000	968,133	0.8
China AMC CSI 500 ETF	2,200,000	7,677,960	6.2
China National Accord Medicines Corp Ltd	52,000	775,840	0.6
Chongqing Changan Automobile Co Ltd	550,000	2,013,000	1.6
Contemporary Amperex Technology Co Ltd	180	44,428	0.0
Focus Media Information Technology Co Ltd	936	6,877	0.0
GTJA-A CSI Semi-Conductor ETF	1,500,000	1,446,697	1.2
Jiangsu Zhongtian Technology Co Ltd	950	16,306	0.0
Lao Feng Xiang Co Ltd	60,000	1,730,791	1.4
Moon Environment Technology Co Ltd	70,000	1,190,154	1.0
Nantong Jianghai Capacitor Co Ltd	54,970	1,262,555	1.0
Shanghai Baosight Software Co Ltd	172,000	3,558,443	2.9
Shanghai Hanbell Precise Machinery Co Ltd	53,800	1,448,691	1.2
Wolong Electric Group Co Ltd	116,000	1,828,340	1.5
Xiamen Faratronic Co Ltd	2,100	311,056	0.3
Zhejiang Crystal-Optech Co Ltd	120,000	1,545,733	1.3
		<u>29,726,504</u>	<u>24.2</u>
HONG KONG (72.5%)			
Alibaba Group Holding Ltd	25,000	2,030,000	1.6
Bairong Inc	140,000	1,299,200	1.0
Binjiang Service Group Co Ltd	46,000	947,600	0.8
BYD Co Ltd	5,000	1,250,000	1.0
China Bluechemical Ltd	400,000	704,000	0.6
China Construction Bank	280,000	1,419,600	1.2
China Life Insurance Co Ltd	200,000	2,612,000	2.1
China Merchants Port Holdings Co Ltd	290,248	3,210,143	2.6
China Mobile Ltd	121,000	7,750,050	6.3
China Petroleum & Chemical Corp	740,000	3,396,600	2.7
China Resources Beer Holdings Co Ltd	56,000	2,889,600	2.3
China Resources Land Ltd	220,000	7,304,000	5.9
China Resources Power Holdings Co Ltd	150,000	2,655,000	2.2
China Shenhua Energy Co Ltd	340,000	8,143,000	6.6
China State Construction International Holdings Ltd	140,000	1,250,200	1.0
China Telecom Corp Ltd	300,000	1,125,000	0.9
China Unicom Hong Kong Ltd	622,000	3,221,960	2.6
CNOOC Ltd	870,000	9,744,000	7.9
CSOP Hang Seng Index Daily -2x Inverse Product	180,000	977,400	0.8
Fufeng Group Ltd	350,000	1,386,000	1.1
Geely Automobile Holdings Ltd	150,000	1,434,000	1.2
Guangdong Investment Ltd	100,000	676,000	0.5

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UNAUDITED INVESTMENT PORTFOLIO

Year ended 30 June 2023

	Holding	Fair value HK\$	% of net assets
Listed investments (continued)			
HONG KONG (72.5%) (continued)			
HSBC Holdings Plc	34,000	2,074,000	1.7
Hua Hong Semiconductor Ltd	50,000	1,280,000	1.0
Hua Medicine	69,000	113,850	0.1
Huadian Power Intl Corp Ltd	200,000	818,000	0.7
JD.com Inc	166	21,978	0.0
Li Ning Co Ltd	30,000	1,264,500	1.0
Meituan	140	17,122	0.0
NetEase Inc	6,000	915,600	0.7
Pacific Basin Shipping Ltd	514,000	1,223,320	1.0
Shenzhen Intl Holdings Ltd	424,000	2,925,600	2.4
Shenzhen Investment Ltd	1,300,000	1,820,000	1.5
SITC International Holdings Co Ltd	74,000	1,058,200	0.9
Tencent Holdings Ltd	12,000	3,979,200	3.2
Tongcheng Travel Holdings Ltd	180,000	2,948,400	2.4
Trip.Com Group Ltd	3,000	817,800	0.7
Tsingtao Brewery Co Ltd	40,000	2,848,000	2.3
		<u>89,550,923</u>	<u>72.5</u>
UNITED STATES (0.4%)			
AirNet Technology Inc	10,605	101,391	0.1
I-Mab	6,200	145,275	0.1
TAL Education Group	6,050	282,572	0.2
		<u>529,238</u>	<u>0.4</u>
TOTAL INVESTMENTS		119,806,665	97.1
OTHER NET ASSETS		<u>3,557,393</u>	<u>2.9</u>
PUBLISHED NET ASSETS ATTRIBUTABLE TO UNITHOLDERS			
		<u>123,364,058</u>	<u>100</u>
TOTAL INVESTMENTS, AT COST			
		<u>135,758,438</u>	

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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

30 June 2023

	Movement in holdings			
	At 1 July 2022	Additions	Disposals	At 30 June 2023
Listed investments				
China				
Anhui Gujing Distillery Co Ltd	44,900	10,000	(26,000)	28,900
Beijing ZhongKe SanHuan High-Tech Co Ltd	-	120,000	(50,000)	70,000
China AMC CSI 500 ETF	-	2,700,000	(500,000)	2,200,000
China National Accord Medicines Corp Ltd	-	52,000	-	52,000
China Three Gorges Renewables Group	-	520,000	(520,000)	-
China Tourism Group Duty Free Co Ltd	11,000	-	(11,000)	-
Chongqing Changan Automobile Co Ltd	230,000	400,000	(80,000)	550,000
Contemporary Ampere Technology Co Ltd	100	80	-	180
Focus Media Information Technology Co Ltd	59,936	-	(59,000)	936
Gemdale Corp	300,000	-	(300,000)	-
GTJA-A CSI Semi-Conductor ETF	-	4,000,000	(2,500,000)	1,500,000
Guangdong Create Century Intelligent Equipment Grp Corp Ltd	195,000	-	(195,000)	-
Imeik Technology Development Co Ltd	3,000	-	(3,000)	-
Jiangsu Zhongtian Technology Co Ltd	-	79,950	(79,000)	950
Kweichow Moutai Co Ltd	2,900	-	(2,900)	-
Lao Feng Xiang Co Ltd	-	60,000	-	60,000
Lianchuang Electronic Tech	-	110,000	(110,000)	-
Luzhou Lao Jiao Co Ltd	-	8,000	(8,000)	-
Moon Environment Technology Co Ltd	-	190,000	(120,000)	70,000
Nantong Jianghai Capacitor Co Ltd	-	54,970	-	54,970
Poly Developments And Holdings Group Co Ltd	260,000	-	(260,000)	-
Power Construction Corporation of China Ltd	-	350,000	(350,000)	-
Proya Cosmetics Co Ltd	7,000	-	(7,000)	-
Shaanxi Coal Industry Co Ltd	-	250,000	(250,000)	-
Shanghai Baosight Software Co Ltd	-	252,000	(80,000)	172,000
Shanghai Hanbell Precise Machinery Co Ltd	73,800	30,000	(50,000)	53,800
Wolong Electric Group Co Ltd	96,000	110,000	(90,000)	116,000
Xiamen Faratronic Co Ltd	2,100	-	-	2,100
Yunnan Botanee Bio-Technology Grp Co Ltd	8,000	-	(8,000)	-
Zhejiang Crystal-Optech Co Ltd	-	120,000	-	120,000
Zhejiang Jingsheng Mechanical & Electrical Co Ltd	-	20,000	(20,000)	-

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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

30 June 2023

	Movement in holdings			
	At 1 July 2022	Additions	Disposals	At 30 June 2023
Listed investments (continued)				
Hong Kong				
Alibaba Group Holding Ltd	147,000	-	(122,000)	25,000
Baidu Inc	18,000	-	(18,000)	-
Bairong Inc	-	140,000	-	140,000
Binjiang Service Group Co Ltd	50,000	56,000	(60,000)	46,000
BYD Co Ltd	-	5,000	-	5,000
Cheerwin Group Ltd	509,000	-	(509,000)	-
China Bluechemical Ltd	-	400,000	-	400,000
China Construction Bank	-	280,000	-	280,000
China Everbright Intl Ltd	710,000	-	(710,000)	-
China Life Insurance Co Ltd	400,000	-	(200,000)	200,000
China Merchants Bank Co Ltd	152,000	-	(152,000)	-
China Merchants Port Holdings Co Ltd	248	290,000	-	290,248
China Mobile Ltd	-	121,000	-	121,000
China Overseas Land & Investmnts	350,000	-	(350,000)	-
China Petroleum & Chemical Corp	-	740,000	-	740,000
China Resources Beer Holdings Co Ltd	100,000	-	(44,000)	56,000
China Resources Land Ltd	466,000	-	(246,000)	220,000
China Resources Power Holdings Co Ltd	690,000	-	(540,000)	150,000
China Shenhua Energy Co Ltd	470,000	-	(130,000)	340,000
China State Construction International Holdings Ltd	-	140,000	-	140,000
China Telecom Corp Ltd	-	300,000	-	300,000
China Unicom Hong Kong Ltd	-	622,000	-	622,000
CNOOC Ltd	-	980,000	(110,000)	870,000
COSCO SHIPPING International (Hong Kong) Co Ltd	596,000	-	(596,000)	-
CSOP Hang Seng Index Daily -2x Inverse Product	-	180,000	-	180,000
Dongfang Electric Corp Ltd	168,000	110,000	(278,000)	-
Fufeng Group Ltd	-	350,000	-	350,000
Geely Automobile Holdings Ltd	-	150,000	-	150,000
Guangdong Investment Ltd	-	100,000	-	100,000
Hangzhou Tigermed Consulting Co Ltd	-	12,000	(12,000)	-
HSBC Holdings Plc	-	34,000	-	34,000
Hua Hong Semiconductor Ltd	-	50,000	-	50,000
Hua Medicine	369,000	-	(300,000)	69,000
Huadian Power Intl Corp Ltd	-	400,000	(200,000)	200,000
Huaneng Power Intl Inc	-	900,000	(900,000)	-
Huazhu Group Ltd	-	180,000	(180,000)	-
Inner Mongolia Yitai Coal Co Ltd	-	100,000	(100,000)	-
JD.com Inc	28,166	-	(28,000)	166

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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

30 June 2023

	Movement in holdings			
	At 1 July 2022	Additions	Disposals	At 30 June 2023
Listed investments (continued)				
Hong Kong (continued)				
Kuaishou Technology	59,000	15,000	(74,000)	-
Li Auto Inc	18,000	5,000	(23,000)	-
Li Ning Co Ltd	-	30,000	-	30,000
Longfor Group Holdings Ltd	449,000	-	(449,000)	-
Meituan	74,200	1,940	(76,000)	140
Midea Real Estate Hldg Ltd	100,000	-	(100,000)	-
NetEase Inc	30,000	-	(24,000)	6,000
Pacific Basin Shipping Ltd	1,014,000	-	(500,000)	514,000
Pharmaron Beijing Co Ltd	39,500	-	(39,500)	-
Shenzhen Intl Holdings Ltd	-	424,000	-	424,000
Shenzhen Investment Ltd	-	1,300,000	-	1,300,000
Sihuan Pharmaceutical Holdings Group Ltd	1,000,000	-	(1,000,000)	-
SITC International Holdings Co Ltd	114,000	-	(40,000)	74,000
Tencent Holdings Ltd	58,900	-	(46,900)	12,000
Tongcheng Travel Holdings Ltd	180,000	80,000	(80,000)	180,000
Trip.Com Group Ltd	-	12,000	(9,000)	3,000
Tsingtao Brewery Co Ltd	-	40,000	-	40,000
Viva China Holdings Limited	2,488,000	-	(2,488,000)	-
Wasion Holdings Ltd	500,000	-	(500,000)	-
Wuxi Apptec Co Ltd	25,000	-	(25,000)	-
Wuxi Biologics (Cayman) Inc	72,000	-	(72,000)	-
Xpeng Inc	29,000	-	(29,000)	-
Yankuang Energy Group Company Limited	230,000	90,000	(320,000)	-
Zijin Mining Group Co Ltd	-	300,000	(300,000)	-
United States				
AirNet Technology Inc	42,420	-	(31,815)	10,605
I-Mab	6,200	-	-	6,200
TAL Education Group	6,050	-	-	6,050

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UNAUDITED PERFORMANCE TABLE

30 June 2023

Published net assets attributable to unitholders

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

	Net assets attributable to unitholders per unit HK\$	Net assets attributable to unitholders HK\$
As at 30 June 2023		
- Class A	84.1973	17,359,176
- Class B	93.8341	106,004,882
As at 30 June 2022		
- Class A	106.3122	22,299,048
- Class B	117.5948	232,646,897
As at 30 June 2021		
- Class A	169.6345	27,474,140
- Class B	186.2352	394,702,728

Highest issue price and lowest redemption price per unit

	Highest issue price per unit HK\$	Lowest redemption price per unit HK\$
Year ended 30 June 2023		
- Class A	88.8701	78.7206
- Class B	N/A	89.4686
Year ended 30 June 2022		
- Class A	153.1165	105.4609
- Class B	N/A	113.6687
Year ended 30 June 2021		
- Class A	165.5504	132.4430
- Class B	177.1525	N/A

VL CHINA FUND

UNAUDITED PERFORMANCE TABLE

30 June 2023

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

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