



Taiping Investment Fund - Taiping
Greater China New Momentum
Equity Fund

31 December 2023

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Management and administration

Directors of the Manager

Chen Dongxia
Li Hao
Ma Yong (appointed on 1 March 2023)
Yao Peng
Chen Rui (resigned on 26 April 2024)

Trustee and Registrar

BOCI-Prudential Trustee Limited
15/F, 1501-1507 & 1513-1516
1111 King's Road
Taikoo Shing
Hong Kong

Custodian

Bank of China (Hong Kong) Limited
14/F Bank of China Tower
1 Garden Road
Central
Hong Kong

Manager

Taiping Assets Management (HK)
Company Limited
Unit 1-2, 19th Floor,
18 King Wah Road,
North Point,
Hong Kong

Auditor

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

Legal Advisors to the Manager

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

Report of the Manager to the unitholders

Market Review

In 2023, the Hong Kong stock market has been challenging for investors. Hong Kong stocks have experienced a decline for four consecutive years, with the core index reaching levels comparable to previous crises. Such a prolonged and significant downturn is rare. The Chinese market has shown weak performance, particularly in contrast to global stock indices. In the second half of the year, the market trend has been notably weaker than anticipated.

At the beginning of the year, there was excessive optimism regarding the economic restart after reopening, and the expectation of slower overseas interest rate hikes led to a surge in the market. However, as the second quarter commenced, domestic high-frequency economic data weakened, confirming a fragile recovery. Overseas inflation and economic performance remained resilient, while the Federal Reserve adopted a hawkish stance. U.S. bond interest rates reached a ten-year high, surpassing 5%, and the Chinese yuan depreciated rapidly, reaching epidemic lows.

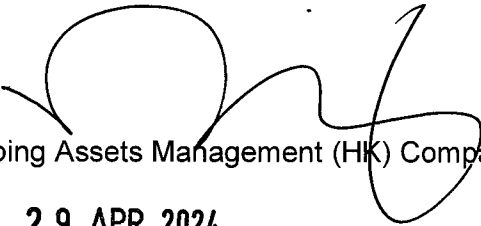
In the second half of the year, the country introduced a series of favorable policies aimed at stabilizing the economy and capital market. However, as economic data did not show significant improvement, some large real estate companies issued default warnings, and tensions between China and the United States escalated, resulting in continued selling of Chinese assets. The Hang Seng Index hit a low below the 16,000 mark; the CSI 300 fell to levels seen at the end of 2018, and the domestic GEM index dropped below the epidemic lows. Chinese assets, especially offshore, which are sensitive to U.S. bond interest rates, reached new lows in the fourth quarter. This primarily reflects the persistently unfavorable financial situation and the fact that favorable domestic policies have not translated into tangible economic improvements. Core asset valuations reached new lows during the epidemic. Ultimately, the Hang Seng Index closed the year at 17,047.39 points, representing an annual decline of 13.82%. Most sectors experienced declines, although certain traditional industries with low valuations and high dividends, as well as industries with active periodic themes, demonstrated relative resilience or even achieved absolute gains.

Looking ahead to 2024, the valuation advantage of Hong Kong stocks still requires an opportunity to materialize, and the process of the bear market bottoming out may take time. The real estate downturn poses a significant challenge, and it is crucial to break the negative cycle of weak expectations and weak reality. While the economic recovery may be slow and uncertain, an excessively pessimistic outlook can have a substantial impact on market trends. On the capital front, a dilemma has emerged where foreign capital continues to flow out, while domestic capital halts and redeems losses. Despite the introduction of various policies aimed at easing monetary and fiscal conditions, stabilizing the real estate market, and invigorating the capital market, market sentiment has become more pessimistic. Countercyclical policies that are both unconventional and robust are necessary to restore confidence. Short-term challenges include weak economic data, downward revisions of corporate earnings, ongoing concerns about real estate and local debt, limited policy effectiveness, and continued capital outflows. Investors are eagerly awaiting a more comprehensive policy mix to disrupt expectations of an economic downturn. External factors, such as improved US dollar liquidity, may be anticipated, but investors must wait for the benefits of interest rate cuts to be reflected in Chinese assets. Geopolitical dynamics during an election year may also contribute to periodic fluctuations.

Report of the Manager to the unitholders (continued)

Market Review (continued)

However, from a valuation perspective, Chinese assets may have already fully or even excessively accounted for various negative factors, such as endogenous power and international dynamics. Strategically, investors may not need to be excessively pessimistic. Market expectations are already very low, and the risk premium of Chinese stocks is already high. Marginal improvement, such as policy changes or positive economic data, may drive a rebound in the market.

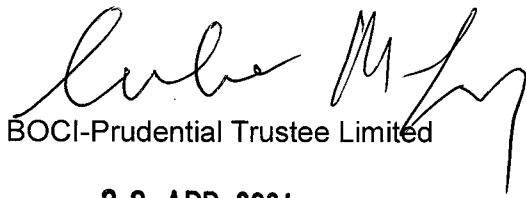


Taiping Assets Management (HK) Company Limited

29 APR 2024

Report of the Trustee to the unitholders

We hereby confirm that, to the best of our knowledge the Manager of the Taiping Greater China New Momentum Equity Fund (the "Sub-Fund") has, in all material respects, managed the Trust in accordance with the provisions of the Trust Deed dated 17 March 2009 and its supplemental deeds, for the year ended 31 December 2023.



BOCI-Prudential Trustee Limited

29 APR 2024



Independent auditor's report to the unitholders of Taiping Investment Fund - Taiping Greater China New Momentum Equity Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Taiping Greater China New Momentum Equity Fund (the "Sub-Fund"), a sub-fund of Taiping Investment Fund, set out on pages 9 to 36, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2023 and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the financial statements in Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent auditor's report to the unitholders of Taiping Investment Fund - Taiping Greater China New Momentum Equity Fund (continued)

Information other than the financial statements and auditor's report thereon

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of 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 Management for the financial statements

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

In preparing the financial statements, the Management of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 17 March 2009, as amended ("Trust Deed") and relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Securities and Futures Commission.



Independent auditor's report to the unitholders of Taiping Investment Fund - Taiping Greater China New Momentum Equity Fund (continued)

Auditor's responsibilities for the audit of the financial statements

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSA's 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 Appendix E of the SFC Code.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.



Independent auditor's report to the unitholders of Taiping Investment Fund - Taiping Greater China New Momentum Equity Fund (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 Management 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 to 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 in Appendix E of the SFC Code.

Certified Public Accountants

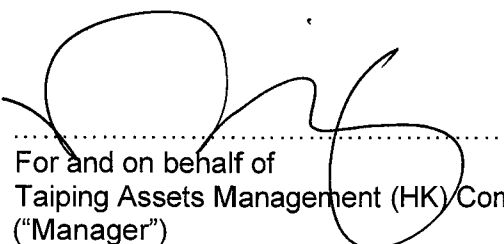
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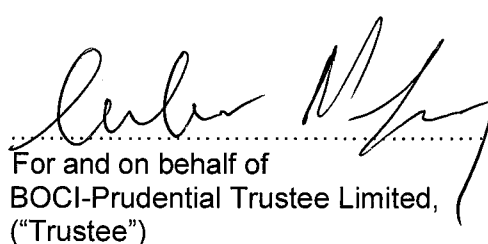
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Statement of financial position at 31 December 2023

	Note	2023 HK\$	2022 HK\$
ASSETS			
Current Assets			
Financial assets at fair value through profit or loss	5	311,834,803	308,217,814
Cash and cash equivalents	7	4,985,327	64,761,240
Dividend receivables		323,193	-
Amounts due from brokers	8	-	-
Other receivables		14,784	14,756
		317,158,107	372,993,810
TOTAL ASSETS			
LIABILITIES			
Current Liabilities			
Amounts due to brokers	8	-	-
Other payables		1,066,334	1,163,529
		1,066,334	1,163,529
TOTAL LIABILITIES			
EQUITY			
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	316,091,773	371,830,281

The financial statements on pages 9 to 36 are approved by:


 For and on behalf of
 Taiping Assets Management (HK) Company Limited,
 ("Manager")


 For and on behalf of
 BOCI-Prudential Trustee Limited,
 ("Trustee")

The notes on pages 14 to 36 form part of these financial statements.

Statement of comprehensive income for the year ended 31 December 2023

	Note	2023 HK\$	2022 HK\$
INCOME			
Net change in unrealised (losses)/gains on financial assets at fair value through profit or loss	6	(56,106,489)	31,481,249
Net realised gains/(losses) on financial assets at fair value through profit or loss	6	5,956,931	(89,545,663)
Foreign exchange differences, net		(584,534)	(785,384)
Dividend income		5,735,889	10,335,848
Interest income	11	35,202	16,341
Total income		<u>(44,963,001)</u>	<u>(48,497,609)</u>
EXPENSES			
Management fee	11	(5,407,978)	(5,629,007)
Transaction fees		(4,204,813)	(6,006,103)
Trustee and administration fee	11	(516,088)	(536,351)
Auditor's remuneration		(242,813)	(235,312)
Legal and professional fee		-	-
Bank charges	11	(780)	(780)
Other expenses		(108,624)	(123,351)
Total operating expenses		<u>(10,481,096)</u>	<u>(12,530,904)</u>
LOSS BEFORE TAX		(55,444,097)	(61,028,513)
Withholding taxes		(294,411)	(716,295)
CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(55,738,508)</u>	<u>(61,744,808)</u>

The notes on pages 14 to 36 form part of these financial statements.

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

	<i>Note</i>	2023 HK\$	2022 HK\$
Net assets attributable to unitholders at the beginning of the year		371,830,281	433,575,089
Subscription of units during the year		-	-
Redemption of units during the year		-	-
Distributions to unitholders	12	-	-
Changes in net assets attributable to unitholders and total comprehensive loss for the year		<u>(55,738,508)</u>	<u>(61,744,808)</u>
Net assets attributable to unitholders at the end of the year		<u>316,091,773</u>	<u>371,830,281</u>
 <i>Class B Units:</i>			
		2023 <i>Number of units</i>	2022 <i>Number of units</i>
At the beginning of the year		4,667,675	4,667,675
Issued during the year		-	-
Redeemed during the year		-	-
At the end of the year		<u>4,667,675</u>	<u>4,667,675</u>

The notes on pages 14 to 36 form part of these financial statements.

Statement of cash flows for the year ended 31 December 2023

	Note	2023 HK\$	2022 HK\$
Operating activities			
Loss before tax		(55,444,097)	(61,028,513)
Adjustments for:			
Dividend income		(5,735,889)	(10,335,848)
Interest income on bank deposits	11(b)	(35,202)	(16,341)
Net loss from financial instruments at fair value through profit or loss	6	50,149,558	58,064,414
Payments for purchase of investment		(1,294,611,687)	(1,606,258,490)
Proceeds from sale of investment		1,240,845,140	1,627,254,512
Decrease in amounts due from brokers		-	3,891,619
(Increase)/decrease in other receivables		(28)	2
Decrease in amounts due to brokers		-	(6,321,244)
Decrease in other payables		(97,195)	(109,794)
Dividend received, net of withholding taxes		5,118,285	9,619,553
Interest received		35,202	16,341
		<u>(59,775,913)</u>	<u>14,776,211</u>
Financing activities			
Proceeds from issue of units		-	-
Payments on redemption of units		-	-
Distributions to unitholders	12	-	-
		<u>-</u>	<u>-</u>
Net cash generated from financing activities		<u>-</u>	<u>-</u>

Statement of cash flows for the year ended 31 December 2023 (continued)

	<i>Note</i>	2023 HK\$	2022 HK\$
Net (decrease)/increase in cash and cash equivalents		(59,775,913)	14,776,211
Cash and cash equivalents at beginning of the year		<u>64,761,240</u>	<u>49,985,029</u>
Cash and cash equivalents at end of the year		<u>4,985,327</u>	<u>64,761,240</u>
Analysis of balances of cash and cash equivalents			
Cash at bank	7	<u>4,985,327</u>	<u>64,761,240</u>

The notes on pages 14 to 36 form part of these financial statements.

Notes to the financial statements

1 General information

Taiping Investment Fund (the "Fund") is an umbrella unit trust established in the Cayman Islands on 17 March 2009 under the Trusts Law by the Trust Deed dated 17 March 2009 and the supplemental deeds (the "Trust Deed"). The Fund currently consists of one sub-fund, Taiping Greater China New Momentum Equity Fund (the "Sub-Fund"), which commenced its operations on 26 March 2009.

The Fund and the Sub-Fund have been authorised by the Securities and Futures Commission (the "SFC") under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by the SFC (the "SFC Code").

The investment objective of the Sub-Fund is to make investments (at least 70% of the Sub-Fund's non-cash assets) through a portfolio consisting of listed securities (which may include (but are not limited to) A Shares, B Shares, shares listed on the Hong Kong Stock Exchange ("SEHK") (including H Shares, Red Chips and other Hong Kong shares quoted in Hong Kong Dollar), and Other China Related Stocks) of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China (which includes the People's Republic of China ("PRC"), the Special Administrative Regions of Hong Kong and Macau), in particular the listed securities of companies in Hong Kong that are expected to achieve stable and high dividend returns. The Sub-Fund may invest up to 20% of its non-cash assets in A Shares via the Shanghai-Hong Kong Stock Connect ("Stock Connect"). The Sub-Fund may also invest less than 30% of its non-cash assets in listed equity securities of companies which may have no connection with the Greater China region. Such equity securities are listed on exchanges worldwide including but not limited to the United States and also invest in financial derivative instruments for hedging purposes only.

2 Summary of significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), the relevant disclosure provisions of the Trust Deed and the relevant disclosure requirements of the Code issued by the SFC. Significant accounting policies adopted by the Sub-Fund are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Sub-Fund. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Sub-Fund for the current and prior accounting periods reflected in these financial statements.

2 Summary of significant accounting policies (continued)

(b) Basis of preparation of the financial statements

The functional and presentation currency of the Sub-Fund is Hong Kong dollars ("HK\$") reflecting the fact that the participating redeemable units of the Sub-Fund are issued and redeemed in Hong Kong dollars.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for financial assets at fair value through profit or loss which is measured at fair value.

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

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

(c) Changes in accounting policies

The Sub-Fund has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

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

Amendments to HKAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

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

2 Summary of significant accounting policies (continued)

(d) *Financial assets at fair value through profit or loss*

Classification

The Sub-Fund classified its investments based on both the business model for managing those financial assets and the contractual cash flow characteristics of those financial assets. The investments are managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the performance and to make decisions. Consequently, investments are measured at fair value through profit or loss.

Recognition, derecognition and measurement

Purchases and sales of investments are recognised on trade date - the date on which the Sub-Fund commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs for financial assets carried at fair value through profit or loss are expensed as incurred. Investments are subsequently re-measured at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are included in the statement of comprehensive income in the year in which they arise.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on last traded prices. When trading in the securities of an investee company is suspended, the investment is valued at the Manager's estimate of its fair value.

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

(e) *Investment income and expenses*

Dividend income is recognised on the ex-dividend date with the corresponding foreign withholding taxes recorded as a taxation charge.

Interest income is recognised on a time-proportion basis using the effective interest method.

Expenses are accounted for on an accrual basis.

2 Summary of significant accounting policies (continued)

(f) *Accounts receivables*

Receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(g) *Accounts payables and accruals*

Accounts payables and accruals are recognised initially at fair value and subsequently stated at amortised cost. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(h) *Transaction fees*

Transaction and transaction handling costs (together the “transaction fees”) are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include the fees and commissions paid to agents, advisers, brokers, dealers and trustee. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expense.

(i) *Foreign currency translation*

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The performance of the Sub-Fund is measured and reported to the unitholders in Hong Kong Dollar (“HK\$”). The Manager considers Hong Kong Dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong Dollar, which is the Sub-Fund’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

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

2 Summary of significant accounting policies (continued)

(i) Foreign currency translation (continued)

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

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts, if any.

(k) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Sub-Fund considers all of its investments in other funds (“Investee Funds”) to be investments in unconsolidated structured entities. The Sub-Fund invests in Investee Funds whose objectives range from achieving medium to long-term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives.

The change in fair value of each Investee Fund is included in the statement of comprehensive income in “net change in unrealised gains/(losses) on financial assets at fair value through profit or loss”.

(l) Redeemable units

The Sub-Fund issues redeemable units, which are redeemable at the unitholders’ option.

Redeemable units are issued or redeemed at prices based on the Sub-Fund’s net asset value per unit as at the close of business on the relevant dealing day. The Sub-Fund’s net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding redeemable units.

2 Summary of significant accounting policies (continued)

(m) Related parties

- (a) A person, or a close member of that person's family, is related to the Sub-Fund if 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.
- (b) An entity is related to the Sub-Fund if any of the following conditions applies:
 - (i) The entity and the Sub-Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities 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).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the Sub-Fund's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Significant accounting judgements and estimates

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

Functional currency

The primary objective of the Sub-Fund is to generate returns in HK\$, its capital-rising currency. The liquidity of the Sub-Fund is managed on a day-to-day basis in HK\$ in order to handle the issue, acquisition and resale of the Sub-Fund's redeemable units. The Sub-Fund's performance is evaluated in HK\$. Therefore, management considers HK\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4 Taxation

PRC

The Sub-Fund is subject to PRC withholding tax of 10% on dividends paid by PRC during the year.

Hong Kong

The Sub-Fund is exempted from Hong Kong profits tax on profits arising from authorised activities under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance. No Hong Kong profits tax has been provided as the Sub-Fund is exempted from Hong Kong profits tax.

5 Financial assets at fair value through profit or loss

	2023 HK\$	2022 HK\$
Financial assets at fair value through profit or loss		
<i>Listed equity securities, by geographical location</i>		
- China	111,944,929	57,203,157
- Hong Kong	179,198,303	239,806,268
<i>Listed exchange-traded funds, by geographical location</i>		
- Hong Kong	20,691,571	11,208,389
Total financial assets at fair value through profit or loss	311,834,803	308,217,814

6 Net losses on financial assets at fair value through profit or loss

	2023 HK\$	2022 HK\$
Gains/(losses) recognised in relation to financial assets at fair value through profit or loss		
- realised gains/(losses)	5,956,931	(89,545,663)
- change in unrealised (losses)/gains	<u>(56,106,489)</u>	<u>31,481,249</u>
Net losses on financial assets at fair values through profit or loss	<u>(50,149,558)</u>	<u>(58,064,414)</u>

7 Cash and cash equivalents

The cash at bank of the Sub-Fund is held with Bank of China (Hong Kong) Limited, a related company of the Trustee as at 31 December 2023 and 2022. The carrying amount of the cash at bank approximates to their fair value. Refer to Note 11 for details.

	2023 HK\$	2022 HK\$
Cash and cash equivalents	<u>4,985,327</u>	<u>64,761,240</u>

8 Amount due from/to brokers

	2023 HK\$	2022 HK\$
Amounts due from brokers		
- receivables for securities sold but not yet settled	<u>-</u>	<u>-</u>
Amounts due to brokers		
- payables for securities purchased but not yet settled	<u>-</u>	<u>-</u>

The carrying amounts of amounts due from and to brokers approximate to their fair values.

9 Number of units in issue and net assets attributable to unitholders

As at 31 December 2023 and 2022, only Class B shares were in existence and the Sub-Fund concluded that these shares had all the features and met all the conditions for classification as equity instruments.

The movement of share capital is as follows:

Class B Units:

	2023	2022
	Number of units	Number of units
At the beginning of the year	4,667,675	4,667,675
Issued during the year	-	-
Redeemed during the year	-	-
	<hr/>	<hr/>
At the end of the year	4,667,675	4,667,675
	<hr/>	<hr/>
	HK\$	HK\$
Net assets attributable to unit holders	316,091,773	371,830,281
	<hr/>	<hr/>
Net assets attributable to unitholders per unit - Class B Units	67.72	79.66
	<hr/>	<hr/>

10 Financial risk and management objectives and policies

The Sub-Fund is subject to various risks as the Sub-Fund invested in a number of financial instruments including listed equity securities during the year. Further, the investment strategy and investment portfolio may result in higher concentration risk. The Sub-Fund's portfolio may not be well diversified in terms of the types of securities due to smaller geographical region that the Sub-Fund may invest in. Also, the Sub-Fund may be more volatile than a broad-based global equity fund.

The investment objective, strategy and restrictions apply to any investment at the time that investment is made. The Manager will be responsible for ensuring compliance at all times with the investment policies. Where any policy is breached, the Manager will ensure that immediate corrective action will be taken, except where the breach is due to appreciation or depreciation in the value of investments. Refer to Note 1 for the investment objective of the Sub-Fund.

The Sub-Fund is exposed to market risk (including equity price risk, foreign currency risk and interest rate risk), credit and counterparty risk and liquidity risk.

The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Manager to manage these risks are discussed below.

10 Financial risk and management objectives and policies (continued)

(a) Market risk

Market risk is the risk that value of financial assets will fluctuate as a result of changes in market prices, foreign currencies and interest rates whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market.

All securities investments present a risk of loss of capital. The Sub-Fund minimises its exposure to market price risk through (i) deliberate securities selection, and (ii) diversification of the investment portfolio. The Sub-Fund will not invest more than 10 per cent of the net asset value in the securities of a single issuer.

Price risk

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

All securities investments present a risk of loss of capital. The Sub-Fund's price risk is managed through deliberate securities/industry sectors selection.

Management's best estimate of the effect on the profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in the index shown below would have resulted in an equivalent, but opposite, impact.

As at 31 December 2023 and 31 December 2022, the Sub-Fund invested in equity securities and exchange-traded funds listed in China and Hong Kong.

10 Financial risk and management objectives and policies (continued)

(a) Market risk (continued)

The table below summarises the Sub-Fund's concentration of investments in various types with the mark-to-market value of investments as a proportion to the NAV of the Sub-Fund.

	2023 % of net assets	2022 % of net assets
Investments in long positions		
Listed equity securities	92.11%	79.88%
Listed exchange-traded funds	6.55%	3.01%
	98.66%	82.89%

The table below sets out the effect on net assets attributable to unitholders of a reasonably possible increase/decrease of the equity market prices of 10% at 31 December 2023. The analysis assumes that all other variables, in particular interest and foreign currency rates, remain constant.

	<i>Increase/ (decrease) in equity price + / -</i>	<i>Effect on net assets attributable to unitholders and on profit/(loss) for the year HK\$</i>
As at 31 December 2023	10% (10%)	31,183,480 (31,183,480)
As at 31 December 2022	10% (10%)	30,821,781 (30,821,781)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Sub-Fund has assets and liabilities denominated in currencies other than Hong Kong dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to foreign currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The Manager considers that there is no currency risk to the USD which is a linked currency with HKD.

10 Financial risk and management objectives and policies (continued)

(a) Market risk (continued)

Foreign currency risk (continued)

The table below summarises the impact on the Sub-Fund's net assets in response to theoretical possible increases/decreases of key exchange rates to the exposures tabled above, which the Sub-Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by 5% (2022: 5%) with all other variables held constant.

	Net exposure HK\$	Possible reasonable shift in exchange rate + / -	Impact on net assets + / - HK\$
At 31 December 2023			
Chinese Yuan	112,424,695	5%	5,621,235
US Dollar	33	5%	2
Singapore Dollar	118	5%	6
At 31 December 2022			
Chinese Yuan	62,965,090	5%	3,148,255
Singapore Dollar	116	5%	6

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates. The Sub-Fund is exposed to interest rate risk as all its bank balances are placed in interest-bearing accounts.

Manager considers that the Sub-Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. As the Sub-Fund has no investment on fixed income assets, the Manager considers that changes in their fair value in the event of a change in market interest rates will not be material.

(b) Credit and counterparty risk

Credit risk relates to the extent to which failures by counterparties to discharge their obligations could reduce the amount of future cash flows from financial assets on hand as at the statement of financial position date. The Sub-Fund minimises exposure to credit risk by only dealing with counterparties with high credit ratings.

10 Financial risk and management objectives and policies (continued)

(b) Credit and counterparty risk (continued)

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. At 31 December 2023 and 31 December 2022, all other receivables, dividend receivables, cash and short-term deposits are held with counterparties with a credit rating of BBB+ or higher and are due to be settled within 1 week. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and investments held with the financial institutions as set out below. The table below summaries the Sub-Fund's assets placed with bank and their related credit rating from Standard & Poor's.

	HK\$	<i>Credit Rating</i>	<i>Source of credit rating</i>
As at 31 December 2023			
<u>Bank</u>			
Bank of China (Hong Kong) Limited	4,985,327	A+	Standard & Poor's
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	311,834,803	A+	Standard & Poor's
As at 31 December 2022			
<u>Bank</u>			
Bank of China (Hong Kong) Limited	64,761,240	A+	Standard & Poor's
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	308,217,814	A+	Standard & Poor's

The maximum credit risk exposure of the financial assets of Sub-Fund was equivalent to the carrying amount as shown in the statement of financial position.

The Manager considers that none of these assets are impaired nor past due as at 31 December 2023 and 2022.

10 Financial risk and management objectives and policies (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to cash redemptions of its redeemable units at the option of the unitholders. The Sub-Fund manages its obligation to redeem the units when required to do so and its overall liquidity risk by searching for new investors.

Liquidity risk may also result from an inability to sell a financial asset quickly at an amount close to its fair value. However, the Sub-Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When the 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.

Financial assets

Analysis of equity securities 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.

The following table summarises the maturity profile of the Sub-Fund's financial liabilities. Balances due within three 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.

10 Financial risk and management objectives and policies (continued)

(c) Liquidity risk (continued)

As at 31 December 2023

	<i>On demand</i> HK\$	<i>Less than</i> <i>3 months</i> HK\$	<i>Total</i> HK\$
Assets			
Financial assets at fair value through profit or loss	311,834,803	-	311,834,803
Cash and cash equivalents	4,985,327	-	4,985,327
Dividend receivables	-	323,193	323,193
Other receivables	-	14,784	14,784
Total financial assets	316,820,130	337,977	317,158,107
Liabilities			
Other payables	-	1,066,334	1,066,334
Total financial liabilities	-	1,066,334	1,066,334

As at 31 December 2022

	<i>On demand</i> HK\$	<i>Less than</i> <i>3 months</i> HK\$	<i>Total</i> HK\$
Assets			
Financial assets at fair value through profit or loss	308,217,814	-	308,217,814
Cash and cash equivalents	64,761,240	-	64,761,240
Other receivables	-	14,756	14,756
Total financial assets	372,979,054	14,756	372,993,810
Liabilities			
Other payables	-	1,163,529	1,163,529
Total financial liabilities	-	1,163,529	1,163,529

10 Financial risk and management objectives and policies (continued)

(c) Liquidity risk (continued)

Units are redeemed on demand at the unitholder's option. 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 in issue. As at 31 December 2023, there were two (2022: two) unitholders holding more than 10% of the Sub-Fund's units. Below presents a list of investors who held more than 10% of the units of the Fund:

Investors	% of units 2023	% of units 2022
Investor 1	62.99	62.99
Investor 2	12.33	12.33

As at 31 December 2023, the total current assets of the Sub-Fund amounted to HK\$317,158,107 (2022: HK\$372,993,810). The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 1 month.

(d) Capital management

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

- a) To invest the capital in investments in order to achieve its investment objective;
- b) To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivatives and other advanced capital markets and by using various investment strategies and hedging techniques;
- c) To maintain sufficient liquidity to meet the expenses of the Sub-Fund, and to meet redemption requests as they arise; and
- d) To locate more investors.

(e) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the year end date. The Sub-Fund used the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

10 Financial risk and management objectives and policies (continued)

(e) Fair value estimation (continued)

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Sub-Fund. The Sub-Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

As at 31 December 2023 and 2022, all of the Sub-Fund’s investments were Level 1. The Sub-Fund did not trade any Level 2 and 3 investments during the year.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets measured at fair value at 31 December 2023.

	<i>Level 1</i> HK\$	<i>Level 2</i> HK\$	<i>Level 3</i> HK\$	<i>Total</i> HK\$
Financial assets measured at fair value through profit or loss:				
- Equity securities	291,143,232	-	-	291,143,232
- Exchange-traded funds	20,691,571	-	-	20,691,571

10 Financial risk and management objectives and policies (Continued)

(e) Fair value estimation (continued)

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value at 31 December 2022.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets measured at fair value through profit or loss:				
- Equity securities	297,009,425	-	-	297,009,425
- Exchange-traded funds	11,208,389	-	-	11,208,389

Equity securities

When fair values of publicly traded equity securities are based on quoted market prices, or binding dealer price quotations, 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 trade price for long and short positions where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread management will determine the point within the bid-ask spread that is most representative of fair value.

During the year ended 31 December 2023 and 2022, there was no transfer of investment between levels.

(f) Interest in other entities

The Sub-Fund's investments in an investment fund are subject to the terms and conditions of the respective investment fund's offering documentation and are susceptible to market price risk arising from uncertainties about future values of such investment fund. The Manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager. The Sub-Fund's exposure to investments in exchange-traded funds at fair value is disclosed in Note 10(e). These investments are included in financial assets at fair value through profit or loss in the statement of financial position. As at 31 December 2023, the Sub-Fund did not invest in any investment fund.

11 Transactions with the Trustee and its affiliates and the Manager and its connected persons

The following is a summary of transactions entered into during the year between the Sub-Fund and its related parties including the Manager, Trustee/Custodian, Directors of the scheme and their connected persons. Connected persons are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with the connected persons except for those disclosed below.

Investment transactions with connected persons of the Manager

	<i>Aggregate value of purchases and sales of securities HK\$</i>	<i>Total commission paid HK\$</i>	<i>% of Sub-Fund's total transactions during the year %</i>	<i>Average commission rate %</i>
<u>2023</u>				
Taiping Securities (HK) Co., Ltd.	-	-	-	-
<u>2022</u>				
Taiping Securities (HK) Co., Ltd.	1,138,716	683	0.04	0.03

Investment transactions with connected persons of the Trustee

<u>2023</u>				
BOCI Securities Limited	7,878,803	6,303	0.32	0.08
<u>2022</u>				
BOCI Securities Limited	39,356,103	31,485	1.22	0.08

(a) **Bank deposits and investments held by the Trustee**

As at 31 December 2023, the Sub-Fund placed bank balance amounted to HK\$4,985,327 (2022: HK\$64,761,240) and investments amounted HK\$ 311,834,803 (2022: HK\$308,217,814) with Bank of China (Hong Kong) Limited, a related company of the Trustee and Registrar. Refer to Notes 7 and 5 respectively for further details.

(b) **Interest income, bank charges and handling fee from/to the Trustee**

The interest income received from and the bank charges paid to Bank of China (Hong Kong) Limited, a related company of the Trustee, amounted to HK\$35,202 and HK\$780 respectively for the year ended 31 December 2023 (2022: HK\$16,341 and HK\$780). The transaction handling fee charged by the BOCI-Prudential Trustee Limited for the year ended 31 December 2023 amounted to HK\$140,130 and the outstanding accrued fee amounted to HK\$8,090 as at 31 December 2023 (2022: HK\$136,190 and the outstanding accrued fee amounted to HK\$10,890).

11 Transactions with the Trustee and its affiliates and the Manager and its connected persons (Continued)

(c) Holdings in the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund. The holdings in the Sub-Fund by the Manager and its connected persons as at 31 December 2023 and 2022 were as follows:

2023

Units held by Taiping Securities (HK) Co., Ltd., a connected person of Taiping Assets Management (HK) Company Limited, the Manager:

Class B Units:

	<i>Units outstanding at 31 December 2022</i>	<i>Units subscribed during the year</i>	<i>Units redeemed during the year</i>	<i>Units outstanding at 31 December 2023</i>
Taiping Securities (HK) Co., Ltd.	4,569,718	-	-	4,569,718

2022

Units held by Taiping Securities (HK) Co., Ltd., a connected person of Taiping Assets Management (HK) Company Limited, the Manager:

Class B Units:

	<i>Units outstanding at 31 December 2021</i>	<i>Units subscribed during the year</i>	<i>Units redeemed during the year</i>	<i>Units outstanding at 31 December 2022</i>
Taiping Securities (HK) Co., Ltd.	4,569,718	-	-	4,569,718

(d) Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, at a rate of 1.5% per annum with respect to the net asset value of the Sub-Fund calculated and accrued on each valuation day and are paid monthly in arrears.

Total management fee for the year, including the outstanding accrued fees due to the Manager at end of the year, is as follows:

	2023 HK\$	2022 HK\$
Management fee for the year	5,407,978	5,629,007
Accrued at end of the year	368,738	452,680

11 Transactions with the Trustee and its affiliates and the Manager and its connected persons (Continued)

(e) Trustee and administration fee and Accounting fee

The Trustee is entitled to receive a trustee and administration fee from the Sub-Fund, at a rate up to 0.15% per annum and accrued on each valuation day and is paid monthly in arrears.

The Trustee is entitled to receive a transaction fee from the Sub-Fund, HK\$90 per each security settlement and HK\$200 per each mutual fund or unit trust settlement, and accrued on each valuation day and is paid monthly in arrears. The Trustee is entitled to receive an accounting fee from the Sub-Fund, HK\$10,000 for drafting financial statement.

Total trustee and administration fee and accounting fee for the year, including the outstanding accrued fees due to the Trustee at end of the year, is as follows:

	2023 HK\$	2022 HK\$
Trustee and administration fee for the year	516,088	536,351
Accrued at end of the year	37,419	42,860
Accounting fee for the year	10,000	10,000

(f) Custodian fee, Transaction fee and Other fee

Custodian fee, transaction fee and other fee for the year, including the outstanding accrued fees due to the Bank of China (Hong Kong) Limited at end of the year, is as follows:

	2023 HK\$	2022 HK\$
Custodian fee for the year	77,787	74,085
Transaction fee for the year	295,959	290,800
Other fee for the year	30,838	39,266
Accrued at end of the year	24,758	28,961

12 Distributions

	<i>For the year ended 31 December 2023 HK\$</i>	<i>For the year ended 31 December 2022 HK\$</i>
Undistributed income at the beginning for the year	-	-
Profit after tax and before distribution	(55,738,508)	(61,744,808)
Distributions to unitholders	-	-
Undistributed income transferred to net assets attributable to unitholders for the year	55,738,508	61,744,808
Undistributed income carried forward at the ending of the year	-	-

The Sub-Fund has not declared any dividend in 2023: HK\$ Nil (2022: HK\$ Nil), to the unitholders.

13 Soft commission arrangements

The Manager may enter into soft commission with some brokers, under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers in consideration of transactions of the Sub-Fund directed to the brokers. These may include, for example, research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services.

The Manager and its connected persons have not participated in any soft commission arrangements in respect of any transactions for the accounts of the Sub-Fund.

14 Financial instruments by category

Financial assets

Apart from financial assets at fair value through profit or loss as disclosed in the statement of financial position which are classified as at fair value through profit or loss, all other financial assets as disclosed in the statement of financial position, including interest receivables, amounts due from brokers, other receivables and cash and cash equivalents, are categorised and carried at amortised cost.

Financial liabilities

All financial liabilities as disclosed in the statement of financial position, including amounts due to brokers and other payables, are categorised and carried at amortised cost.

15 Subsequent events

There were no significant events subsequent to the period end which require disclosure in the financial statements.

16 Approval of the financial statements

The financial statements were approved and authorised for issued by the Trustee and the Manager on **29 APR 2024**

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

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

*Effective for
accounting periods
beginning on or after*

Amendments to HKAS 1, Presentation of financial statements:
Classification of liabilities as current or non-current ("2020 amendments") 1 January 2024

Amendments to HKAS 1, Presentation of financial statements:
Non-current liabilities with covenants ("2022 amendments") 1 January 2024

Amendments to HKFRS 16, Leases: Lease liability in a sale and leaseback 1 January 2024

Amendments to HKAS 7, Statement of cash flows and HKFRS 7,
Financial instruments: disclosures: Supplier finance arrangements 1 January 2024

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

Statement of movements in investment portfolio (unaudited)

For the year ended 31 December 2023

	At 1 January 2023	Movement in holdings		At 31 December 2023
		Additions	Disposals	
Listed equity securities				
China				
ACM RESEARCH (SHANGHAI) INC-A	-	77,614	-	77,614
ADVANCED MICRO-FABRICATION EQUIPMENT INC CHINA-A	-	182,183	(129,099)	53,084
ANHUI CONCH CEMENT CO LTD-A	-	362,172	(362,172)	-
AVIC JONHON OPTRONIC TECHNOLOGY CO LTD-A	-	266,800	(266,800)	-
CHAOZHOU THREE-CIRCLE GROUP CO LTD-A	-	1,801,853	(1,107,300)	694,553
CHINA TOURISM GROUP DUTY FREE CORP LTD-A	-	111,200	(111,200)	-
CONTEMPORARY AMPEREX TECHNOLOGY CO LTD-A	-	109,900	(109,900)	-
GIGADEVICE SEMICONDUCTOR BEIJING INC-A	-	105,028	(105,028)	-
GREE ELECTRIC APPLIANCES INC-A	-	605,925	-	605,925
GUANGDONG HAID GROUP CO LTD-A	-	377,200	(377,200)	-
HUNDSUN TECHNOLOGIES INC-A	-	354,600	(354,600)	-
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD-A	-	390,825	(390,825)	-
LUXSHARE PRECISION INDUSTRY CO LTD-A	319,100	470,300	(789,400)	-
MAXSCEND MICROELECTRONICS CO LTD-A	-	86,000	(86,000)	-
MONTAGE TECHNOLOGY CO LTD-A	-	526,062	(361,345)	164,717
NAURA TECHNOLOGY GROUP CO LTD-A	-	253,479	(216,600)	36,879
SG MICRO CORP-A	-	206,300	(206,300)	-
SHENGYI TECHNOLOGY CO LTD-A	-	609,845	(56,100)	553,745
SHENZHEN INOVANCE TECHNOLOGY CO LTD-A	-	170,700	(170,700)	-
SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO LTD-A	-	36,300	(36,300)	-
STARPOWER SEMICONDUCTOR LTD-A	-	38,600	-	38,600
TONGWEI CO LTD-A	-	355,300	(355,300)	-
UNIGROUP GUOXIN MICROELECTRONICS CO LTD-A	-	118,400	(118,400)	-
WILL SEMICONDUCTOR LTD-A	142,250	343,640	(485,890)	-
WINGTECH TECHNOLOGY CO LTD-A	335,901	327,668	(663,569)	-
WULIANGYE YIBIN CO LTD-A	66,500	44,500	(111,000)	-
WUS PRINTED CIRCUIT KUNSHAN CO LTD-A	-	1,645,830	(1,194,000)	451,830

Statement of movements in investment portfolio (unaudited) (continued)

For the year ended 31 December 2023 (continued)

	At	<i>Movement in holdings</i>		At
	1 January 2023	Additions	Disposals	31 December 2023
Listed equity securities				
<i>Hong Kong</i>				
AIA GROUP LTD	172,600	355,800	(297,400)	231,000
ALIBABA GROUP HLDG LTD	304,800	117,300	(96,800)	325,300
ANTA SPORTS PRODUCTS LTD	75,000	228,800	(303,800)	-
BAIDU INC-SW	166,550	164,000	(177,750)	152,800
BILIBILI INC-CL Z	-	241,540	(119,480)	122,060
BUDWEISER BREWING CO APAC LTD	-	946,300	(946,300)	-
CHINA LONGYUAN POWER GROUP CORP LTD-H	2,208,000	1,634,000	(3,842,000)	-
CHINA MENGNIU DAIRY CO LTD	439,000	750,000	(507,000)	682,000
CHINA MERCHANTS BANK CO LTD-H	-	356,000	(356,000)	-
CHINA MOBILE LTD	-	306,500	(306,500)	-
CHINA PACIFIC INSURANCE (GROUP) CO-H	633,200	34,600	(667,800)	-
CHINA POWER INTL DEVELOPMENT LTD	8,202,000	6,314,000	(14,516,000)	-
CHINA STATE CONSTRUCTION INTL HLDGS LTD	-	1,744,000	(1,744,000)	-
CHINA TOURISM GROUP DUTY FREE CORP LTD-H	-	145,300	-	145,300
CK INFRASTRUCTURE HLDGS LTD	-	456,500	(456,500)	-
CLP HLDGS LTD	-	276,000	(276,000)	-
FUYAO GLASS INDUSTRY GROUP CO LTD-H	-	410,800	(410,800)	-
GEELY AUTOMOBILE HLDGS LTD	645,000	398,000	(1,043,000)	-
HANG SENG BANK LTD	-	111,500	(111,500)	-
HSBC HLDGS PLC	-	283,200	(167,600)	115,600
JD.COM INC	66,735	166,900	(105,835)	127,800
MEITUAN-CLASS B	103,300	412,330	(343,800)	171,830
PING AN INSURANCE GROUP CO OF CHINA LTD-H	-	790,000	(121,500)	668,500
POWER ASSETS HLDGS LTD	-	340,500	(340,500)	-
SEMICONDUCTOR MANUFACTURING INTL CORP	-	623,500	(623,500)	-
SHANGHAI PHARMACEUTICALS HLDG CO LTD-H	-	859,400	(859,400)	-
SHENZHOU INTL GROUP HLDGS LTD	152,100	-	(152,100)	-
SINO BIOPHARMACEUTICAL LTD	-	7,040,000	(7,040,000)	-
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	122,800	475,600	(598,400)	-
TENCENT HLDGS LTD	98,000	10,100	(23,300)	84,800
WUXI APPTTEC CO LTD-H	-	252,000	(252,000)	-
WUXI BIOLOGICS CAYMAN INC	-	261,500	(261,500)	-
XINYI SOLAR HLDGS LTD	-	2,348,000	(2,348,000)	-

Statement of movements in investment portfolio (unaudited) (continued)

For the year ended 31 December 2023 (continued)

	At 1 January 2023	Movement in holdings		At 31 December 2023
		Additions	Disposals	
Listed Exchange-traded Funds				
<i>Hong Kong</i>				
CSOP HANG SENG TECH INDEX ETF	2,751,200	23,730,000	(20,879,800)	5,601,400
LINK REAL ESTATE INVESTMENT TRUST	-	244,000	(244,000)	-

Performance table (unaudited)

As at 31 December 2023

Net asset value

Year	<i>Total net asset value</i> HK\$	<i>Net asset value</i> <i>per Class A</i>	<i>Net asset value</i> <i>per Class B</i>
		<i>Units</i> HK\$	<i>Units</i> HK\$
As at 31 December 2023	316,091,773	-	67.72
As at 31 December 2022	371,830,281	-	79.66
As at 31 December 2021	433,575,089	-	92.89
As at 31 December 2020	460,572,642	-	98.40

Highest and lowest net asset value per unit

<i>Financial year</i>	<i>Class A Units</i>		<i>Class B Units</i>	
	<i>Highest net asset value per unit</i> HK\$	<i>Lowest net asset value per unit</i> HK\$	<i>Highest net asset value per unit</i> HK\$	<i>Lowest net asset value per unit</i> HK\$
Year ended 31 December 2023	-	-	91.17	64.57
Year ended 31 December 2022	-	-	99.27	56.52
Year ended 31 December 2021	-	-	121.85	90.09
Year ended 31 December 2020	-	-	98.40	66.88
Year ended 31 December 2019	-	-	88.21	71.49
Year ended 31 December 2018	-	-	105.50	72.60
Year ended 31 December 2017	-	-	100.32	82.81
Year ended 31 December 2016	-	-	89.51	77.52
Year ended 31 December 2015	-	-	127.22	88.24
Year ended 31 December 2014	98.64*	79.72*	104.85	99.44
Year ended 31 December 2013	94.51	75.25	-	-

* All Class A units have been converted to Class B units by unitholders by 24 December 2014.

Investment portfolio (unaudited)

As at 31 December 2023

	<i>Holdings</i>	<i>Fair value HK\$</i>	<i>% of net assets</i>
Listed equity securities			
<i>China</i>			
ACM RESEARCH (SHANGHAI) INC-A	77,614	8,888,114	2.81%
ADVANCED MICRO-FABRICATION EQUIPMENT INC CHINA-A	53,084	8,942,981	2.83%
CHAOZHOU THREE-CIRCLE GROUP CO LTD-A	694,553	22,434,590	7.10%
GREE ELECTRIC APPLIANCES INC-A	605,925	21,379,491	6.76%
MONTAGE TECHNOLOGY CO LTD-A	164,717	10,615,676	3.36%
NAURA TECHNOLOGY GROUP CO LTD-A	36,879	9,938,696	3.14%
SHENGYI TECHNOLOGY CO LTD-A	553,745	11,120,533	3.52%
STARPOWER SEMICONDUCTOR LTD-A	38,600	7,662,903	2.42%
WUS PRINTED CIRCUIT KUNSHAN CO LTD-A	451,830	10,961,945	3.47%
<i>Hong Kong</i>			
AIA GROUP LTD	231,000	15,719,550	4.97%
ALIBABA GROUP HLDG LTD	325,300	24,592,680	7.78%
BAIDU INC-SW	152,800	17,740,080	5.61%
BILIBILI INC-CL Z	122,060	11,424,816	3.62%
CHINA MENGNIU DAIRY CO LTD	682,000	14,322,000	4.53%
CHINA TOURISM GROUP DUTY FREE CORP LTD-H	145,300	11,137,245	3.52%
HSBC HLDGS PLC	115,600	7,282,800	2.30%
JD.COM INC	127,800	14,377,500	4.55%
MEITUAN-CLASS B	171,830	14,072,877	4.45%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	668,500	23,631,475	7.48%
TENCENT HLDGS LTD	84,800	24,897,280	7.88%

Investment portfolio (unaudited) (continued)

As at 31 December 2023 (continued)

	<i>Holdings</i>	<i>Fair value</i> HK\$	<i>% of net</i> <i>assets</i>
Listed Exchange-traded Funds			
<i>Hong Kong</i>			
CSOP HANG SENG TECH INDEX ETF	5,601,400	20,691,571	6.55%
Total investments, at fair value		311,834,803	98.65%
Other net assets		4,256,970	1.35%
Net assets as at 31 December 2023		316,091,773	100%
Total investments, at cost		338,807,585	

Note: Investments are accounted for on a trade date basis.