BOCOM International China Dynamic Fund

(A Sub-Fund of BOCOM International Fund)

Reports and financial statements
for the year ended 31 December 2023

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Management and administration

Manager

BOCOM International Asset
Management Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Hong Kong

Trustee and Registrar

Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Central
Hong Kong

Solicitors to the Manager

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

Auditor

KPMG
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

Directors of the Manager

LI Wu
SU Fen (Appointed on 11 December 2023)
XI Xuanhua (Resigned on 21 December 2023)

PRC Custodian

HSBC Bank (China) Company Limited
33/F, HSBC Building, Shanghai IFC
8 Century Avenue, Pudong
Shanghai

BOCOM INTERNATIONAL CHINA DYNAMIC FUND

(A Sub-fund of BOCOM International Fund)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Market Review

The CSI 300 Index experienced a decline of 11.38% for the year 2023. The CSI 300 declined for the third consecutive year due to both domestic and international challenges. Although the index saw a significant drop, certain sectors within the CSI 300 delivered an outstanding return. Among CSI 300 Wind sub-sector indices, telecommunication sector stood out with a robust positive return of 25.86%, followed by the energy sector with 16.94%. Looking forward into 2024, with the proactive monetary and fiscal policies, China's economy is expected to maintain a steady growth. We hold positive view of A share's performance in 2024, especially in high dividend value stocks.

Portfolio Review

For the year ended 31 Dec 2023, the fund's Class R and Class I's total return was -12.4% and -12.1% respectively. In 2024, We expect economics will grow steadily in China, and prefer high-dividend value stocks (especially SOEs) to growth ones to gain more stable return for our investors.

By order of the board

李沁

Director

Hong Kong

29 APR 2024

BOCOM International China Dynamic Fund

(A Sub-fund of BOCOM International Fund)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

TO THE UNITHOLDERS OF BOCOM INTERNATIONAL CHINA DYNAMIC FUND (THE "SUB-FUND")

We hereby confirm that, in our opinion, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 27 October 2010 and all its supplemental deeds for the year ended 31 December 2023.

For and on behalf of
Bank of Communications Trustee Limited

29 APR 2024

KPMG

Independent auditor's report to the unitholders of BOCOM International China Dynamic Fund

(A Sub-fund of BOCOM International Fund)

Opinion

We have audited the financial statements of BOCOM International China Dynamic Fund (the "Sub-Fund") set out on pages 7 to 33, which comprise the statement of financial position as at 31 December 2023, the statement of comprehensive income, the statement of changes in net asset attributable to unitholders and the statement of cash flow 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 performance 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 ("HKSAs") 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") 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.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the unitholders of BOCOM International China Dynamic Fund (continued)

(A Sub-fund of BOCOM International Fund)

Responsibilities of the Manager and the Trustee for the financial statements

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

In addition, the Manager and the Trustee are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed ("the Trust Deed") dated 27 October 2010 and the relevant disclosure provisions of Appendix E of the Hong Kong Code on Unit Trusts and Mutual Funds ("the SFC code") issued by the Hong Kong Securities and Futures Commission.

Auditor's responsibilities for the audit of the financial statements

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs 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 disclosures of Appendix E of the SFC code.

As part of an audit in accordance with HKSAs, 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.

KPMG

Independent auditor's report to the unitholders of BOCOM International China Dynamic Fund (continued)

(A Sub-fund of BOCOM International Fund)

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.

- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.

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

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

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

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
29 APR 2024

Statement of financial position as at 31 December 2023

(Expressed in Renminbi)

	Note	*2023* RMB	*2022* RMB
Assets			
Deposit reserve	3(b),7(a)	17,575	19,484
Financial assets at fair value through profit or loss	3(a)	29,526,350	33,742,832
Interest receivable		18,947	22,781
Cash and cash equivalents	3(b)	435,207	1,038,793
Total assets		29,998,079	34,823,890
Liabilities			
Management fee payable	7(b)	31,861	74,478
Trustee fee payable	7(c)	31,595	124,340
Sub-custodian fee payable	7(d)	2,546	2,994
Accrued expenses and other payables		207,065	348,110
Total liabilities (excluding net assets attributable to unitholders)		273,067	549,922
Net assets attributable to unitholders		29,725,012	34,273,968

Approved and authorised for issue by the Trustee and the Manager on 29 APR 2024

) For and on behalf of
) Bank of Communications
) Trustee Limited
)

) For and on behalf of
) BOCOM International
) Asset Management Limited
)

The notes on pages 11 to 33 form part of these financial statements.

Statement of comprehensive income for the year ended 31 December 2023

(Expressed in Renminbi)

	Note	*2023* RMB	*2022* RMB
Income			
Interest income on bank deposits	7(a)	7,909	10,331
Interest income on debt securities		77,555	108,716
Dividend income		1,030,040	761,190
Net losses on financial assets at fair value through profit or loss	5	(3,223,116)	(13,111,640)
Net foreign exchange losses		-	(28)
Total loss		(2,107,612)	(12,231,431)
Expenses			
Management fee	7(b)	(438,931)	(489,703)
Trustee fee	7(c)	(408,691)	(744,001)
Sub-custodian fee	7(d)	(16,014)	(30,482)
Audit fee		(254,527)	(183,010)
Transaction costs	8	(648,372)	(255,873)
Bank charges		(7,180)	(2,731)
Other operating expenses		(114,347)	(68,938)
Total operating expenses		(1,888,062)	(1,774,738)
Loss before tax		(3,995,674)	(14,006,169)
Withholding taxes	9	(100,754)	(77,131)
Decrease in net assets attributable to unitholders from operations		(4,096,428)	(14,083,300)

The notes on pages 11 to 33 form part of these financial statements.

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

(Expressed in Renminbi)

	Note	*2023* RMB	*2022* RMB
Net assets attributable to unitholders at beginning of the year		34,273,968	50,803,862
Redemption of unit during the year		(452,528)	(2,446,594)
Net redemptions by the unitholders during the year		(452,528)	(2,446,594)
Decrease in net assets attributable to unitholders from operations		(4,096,428)	(14,083,300)
Net assets attributable to unitholders at end of the year	6	29,725,012	34,273,968

	Number of redeemable units	
Class I	*2023*	*2022*
Units in issue at beginning of the year	2,000,000.000	2,100,000.000
Redemption of units during the year	-	(100,000.000)
Units in issue at end of the year	2,000,000.000	2,000,000.000
Class R		
Units in issue at beginning of the year	455,006.879	505,759.733
Redemption of units during the year	(31,524.115)	(50,752.854)
Units in issue at end of the year	423,482.764	455,006.879

The notes on pages 11 to 33 form part of these financial statements.

Statement of cash flows
for the year ended 31 December 2023
(Expressed in Renminbi)

	2023 RMB	*2022* RMB
Cash flows from operating activities		
Decrease in net asset attributable to unitholders from operations	(4,096,428)	(14,083,300)
Adjustment for:		
Dividend income	(1,030,040)	(761,190)
Interest income on bank deposits	(7,909)	(10,330)
Interest income on debt securities	(77,555)	(108,716)
Net losses from financial assets at fair value through profit or loss	3,223,116	13,111,640
Withholding taxes	100,754	77,131
	(1,888,062)	(1,774,765)
Change in:		
Deposit reserve	1,909	4,848
Financial assets at fair value through profit or loss	993,366	1,781,266
Prepayment	-	4,451
Management fee payable	(42,617)	19,642
Trustee fee payable	(92,745)	61,151
Sub-custodian fee payable	(448)	(1,368)
Amount due to brokers	-	(49,206)
Accrued expenses and other payables	(141,045)	24,088
Cash (used in)/generated from operating activities	(1,169,642)	70,107
Bank deposit interest received	7,989	10,325
Debt securities interest received	81,309	108,833
Dividend received	1,030,040	761,190
Withholding taxes paid	(100,754)	(77,131)
Net cash (used in)/from operating activities	(151,058)	873,324
Cash flows from financing activities		
Payments on redemption of units	(452,528)	(2,446,594)
Net cash used in financing activities	(452,528)	(2,446,594)
Net decrease in cash and cash equivalents	(603,586)	(1,573,270)
Cash and cash equivalents at beginning of the year	1,038,793	2,612,063
Cash and cash equivalents at end of the year	435,207	1,038,793

The notes on pages 11 to 33 form part of these financial statements.

Notes to the financial statements

1 The Sub-Fund

BOCOM International Fund (the "Trust") is an umbrella unit trust governed by its Trust Deed dated 27 October 2010, as amended (the "Trust Deed") made between BOCOM International Asset Management Limited as the Manager (the "Manager") and Bank of Communications Trustee Limited as the Trustee (the "Trustee"). The terms of the Trust Deed are governed by the law of Hong Kong. The Trust is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under 104(1) of the Hong Kong Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by SFC.

BOCOM International China Dynamic Fund (the "Sub-Fund") is one of three sub-funds under the Trust available for investment as at 31 December 2023. The date of inception of the Sub-Fund was 4 July 2014.

The Sub-Fund seeks to achieve its investment objective by investing 70% to 95% of its net asset value in A-Shares of PRC companies listed in the PRC securities markets, currently Shanghai Stock Exchange and Shenzhen Stock Exchange, and/or convertible bonds trading on the interbank bond market and/or the exchange bond market issued or distributed within the PRC. The Sub-Fund may also invest 5% to 30% of its net asset value in Renminbi denominated and settled fixed income securities trading on the interbank bond market and/or the exchange bond market which include bonds issued or distributed within the PRC by governments, quasi-government organisations, financial institutions and other corporations, for example, government bonds and notes, corporate bonds, financial bonds and commercial papers. The Sub-Fund may hold up to 25% of its net asset value in cash in Renminbi.

The Manager Is owned by BOCOM International Holdings Company Limited, Ih Itself Is a subsidiary of Bank of Communications Co., Ltd. ("BOCOM", and together with BOCOM International Holdings Company Limited and its affiliates, the "BOCOM Group").

The financial statements are prepared for the Sub-Fund only. The financial statements are presented in Renminbi ("RMB"), which is same as the functional currency of the Sub-Fund.

2 Material 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 provisions of the Trust Deed, as amended, and the relevant disclosure provisions of the SFC Code issued by the SFC. Material accounting policies adopted by the Sub-Fund are disclosed below.

2 Material accounting policies (continued)

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.

(b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- Financial assets at fair value through profit or loss (see note 2(d)).

The preparation of financial statements in conformity with HKFRSs requires the Manager and the Trustee 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

New and amended HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Sub-Fund.

- Amendments to HKAS 8, A*ccounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

The amended HKFRSs listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 Material accounting policies (continued)

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

Recognition and initial measurement

The Sub-Fund initially recognises regular-way transactions in financial assets and financial liabilities at fair value through profit or loss ("FVTPL") on the trade date, which is the date on which the Sub-Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability Is measured at Initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

Classification of financial assets

On initial recognition, the Sub-Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI")

All other financial assets of the Sub-Fund are measured at FVTPL.

Business model assessment

The Sub-Fund has determined that it has two business models:

- Held-to-collect business model: this includes cash and cash equivalents, amounts due from brokers and interest receivable. These financial assets are held to collect contractual cash flow.

- Other business model: this includes financial assets at fair value through profit or loss. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

2 Material accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

In assessing whether the contractual cash flows are SPPI, the Sub-Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Subsequent measurement of financial assets

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses are recognised in profit or loss in "net losses on financial assets at fair value through profit or loss" in the statement of comprehensive income.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. They are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Sub-Fund derecognises regular-way sales of financial assets using trade date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or the Sub-Fund transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Sub-Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On a derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received is recognised in profit or loss.

Fair value measurement

"Fair value" is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Sub-Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Sub-Fund measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as "active" if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The Sub-Fund measures instruments quoted in an active market at last traded market price, because this price provides a reasonable approximation of the exit price.

2 Material accounting policies (continued)

(d) Financial assets and financial liabilities (continued)

If there is no quoted price in an active market, then the Sub-Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Sub-Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(e) Accrued expenses

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

(f) Income

Interest income presented in the statement of comprehensive income is calculated on an effective interest basis.

The "effective interest rate" is calculated on initial recognition of a financial instrument as the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

Dividend income is recognised when the right to receive payment is established.

(g) Expenses

All expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income.

(h) Redeemable units

The Sub-Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Sub-Fund has more than one class of redeemable units in issue. This is the most subordinate class of financial instruments in the Sub-Fund and ranks *pari passu* in all material respects and has identical terms and conditions. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Sub-Fund's net assets at each daily redemption date and also in the event of the Sub-Fund's liquidation.

2 Material accounting policies (continued)

(h) Redeemable units (continued)

A puttable financial instrument that includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets the following conditions:

- it entitles the holder to a pro rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation;

- it is in the class of instruments that is subordinate to all other classes of instruments;

- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;

- apart from the contractual obligation for the Sub-Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and

- the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

The Sub-Fund classifies redeemable units as liabilities since the Sub-Fund issues more than one class of redeemable units, which are redeemable at the holder's option and do not have identical rights.

(i) Taxation

No provision for Hong Kong profits tax has been made as the Sub-Fund was authorised as a collective investment scheme under Section 104 of the Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(IA) of the Inland Revenue Ordinance.

The Sub-Fund currently incurs withholding taxes imposed by the PRC on dividend and interest income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

(j) Foreign currency translation

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

2 Material accounting policies (continued)

(k) Distribution to unitholders

Distribution to the Sub-Fund's unitholders is recognised in the Sub-Fund's financial statement in the period in which the distributions are approved and declared.

(l) Transaction costs

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

(m) Impairment

The Sub-Fund recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. Financial assets at amortised cost include deposit reserve, interest receivable, prepayment and cash and cash equivalents.

The Sub-Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and

- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Sub-Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Sub-Fund's historical experience and informed credit assessment and including forward-looking information.

The Sub-Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Sub-Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Sub-Fund in full, without recourse by the Sub-Fund to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

2 Material accounting policies (continued)

(m) Impairment (continued)

The Sub-Fund considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of "investment grade". The Sub-Fund considers this to be Baa3 or higher per Moody's or BBB- or higher per Standard & Poor's.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Sub-Fund is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Sub-Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Sub-Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of assets and liabilities

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Sub-Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

2 Material accounting policies (continued)

(n) Related parties

(a) A person, or a close member of that person's family, is related to the group if that person:

(i) has control or joint control over the group;

(ii) has significant influence over the group; or

(iii) is a member of the key management personnel of the group or the group's parent.

(b) An entity is related to the group if any of the following conditions applies:

(i) The entity and the group 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 group or an entity related to the group.

(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 group or to the group'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 Financial risk management

The Sub-Fund's activities may expose it to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Fund invests.

The Sub-Fund uses different methods to measure and manage the various types of risk to which it is exposed. These methods are explained below.

(a) Market risk

i. Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The following table discloses the equity securities at fair value through profit or loss of the Sub-Fund by product types:

	2023 RMB	*2022* RMB
A-share equity securities	26,294,090	30,495,187
	26,294,090	30,495,187

All investments in debt securities of RMB3,232,260 (2022: RMB3,247,645) are fixed-income instruments and the Sub-Fund expects price fluctuations for these investments to arise principally from interest rate or credit risk. As a result, the Sub-Fund is not subject to significant price risk on these investments.

The Sub-Fund's price risk is managed through diversification of the investment portfolio ratios by exposures to different industries.

There is no exposure to individual investments/issuers representing over 10% of the Sub-Fund's net asset value at the reporting date.

At 31 December 2023, the Sub-Fund invests in publicly traded A-Share equity securities and is susceptible to market price risk arising from uncertainties about future values of those investments. If the prices of A-Share equity securities had increased/decreased by 10% (2022: 10%), the Sub-Fund's net asset attributable to unitholders would have resulted in an increase/decrease of RMB 2,629,409 (2022: RMB3,049,519).

3 Financial risk management (continued)

ii. Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

Certain financial assets and liabilities held by the Sub-Fund are interest bearing. As a result, the Manager considers that the Sub-Fund is subject to risks due to fluctuations in the prevailing levels of market interest rates. Change in the fair value of the interest bearing portfolio is monitored via risk measures such as interest rate duration and credit spread duration.

The tables below summarise the Sub-Fund's exposure to interest rate risks at the reporting date. Included in the table are the Sub-Fund's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2023

	Within 1 year RMB	*1-5 years* RMB	*No stated maturity* RMB	*Non-interest bearing* RMB	*Total* RMB
Assets					
Investments					
- RMB denominated bonds	3,199,360	32,900	-	-	3,232,260
- A-Share equity securities	-	-	-	26,294,090	26,294,090
Interest receivables	-	-	-	18,947	18,947
Deposit reserve	-	-	17,575	-	17,575
Cash and cash equivalents	435,207	-	-	-	435,207
Total assets	3,634,567	32,900	17,575	26,313,037	29,998,079
Liabilities					
Management fee payable	-	-	-	31,861	31,861
Trustee fee payable	-	-	-	31,595	31,595
Sub-custodian fee payable	-	-	-	2,546	2,546
Accrued expense and other payable	-	-	-	207,065	207,065
Net assets attributable to unitholders	-	-	-	29,725,012	29,725,012
Total liabilities	-	-	-	29,998,079	29,998,079
Total interest sensitivity gap	3,634,567	32,900	17,575		

3 Financial risk management (continued)

As at 31 December 2022

	Within 1 year RMB	*1-5 years* RMB	*No stated maturity* RMB	*Non-interest bearing* RMB	*Total* RMB
Assets					
Investments					
- RMB denominated bonds	3,214,976	32,669	-	-	3,247,645
- A-Share equity securities	-	-	-	30,495,187	30,495,187
Interest receivables	-	-	-	22,781	22,781
Deposit reserve	-	-	19,484	-	19,484
Cash and cash equivalents	1,038,793	-	-	-	1,038,793
Total assets	4,253,769	32,669	19,484	30,517,968	34,823,890
Liabilities					
Management fee payable	-	-	-	74,478	74,478
Trustee fee payable	-	-	-	124,340	124,340
Sub-custodian fee payable	-	-	-	2,994	2,994
Accrued expense and other payable	-	-	-	348,110	348,110
Net assets attributable to unitholders	-	-	-	34,273,968	34,273,968
Total liabilities	-	-	-	34,823,890	34,823,890
Total interest sensitivity gap	4,253,769	32,669	19,484		

The majority of the Sub-Fund's interest rate exposure is on debt instruments denominated in RMB. Interest rate exposures are expressed in terms of rate of weighted modified duration. The Manager monitors the interest rate risks by quantifying market exposure in duration terms. The adjusted weighted modified duration is the modified duration multiplied by the allocation of net asset value and a sensitivity factor. As at 31 December 2023, the Sub-Fund invested in debt securities of RMB3,232,260 (2022: RMB3,247,645) and the portfolio weighted average modified duration of the Sub-Fund is 0.42 (2022: 0.65).

At 31 December 2023, should interest rates have lowered/risen by 25 basis points (2022: 25 basis points) with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders would amount to approximately RMB3,394 (2022: RMB5,277) arising substantially from the increase/decrease in market values of debt securities.

iii. Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As at 31 December 2023 and 2022, the Sub-Fund is not exposed to significant currency risk as majority of its assets and liabilities are denominated in RMB, the Sub-Fund's functional and presentation currency. Accordingly, the Management considers that it is not necessary to present a sensitivity analysis of currency risk.

3 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

All transactions in securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the custodian has received payment. Payment is made on a purchase when the securities have been received by the custodian. The trade will fail if either party fails to meet its obligation.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund does not have explicit restrictions on the minimum credit ratings of securities it may hold. The Manager actively manages the portfolio of the Sub-Fund. In case of credit rating downgrading, the Manager will adjust the positions in the portfolio using its credit analysis and rating systems that are designed to manage credit risks. The table below summarises the credit quality of the Sub-Fund's debt portfolio, which represents 10.87% and 9.48% of the net asset value as at 31 December 2023 and 2022 respectively:

Debt securities by rating category:

Rating	*2023* % of net asset value	*2022* % of net asset value
Standard & Poor's		
A+	10.76	9.38
Non-rated	0.11	0.10
	10.87	9.48

The Manager has assessed the credit quality of the bonds based on the nature of the issuers and the historical information about the issuers' default rates. The majority of unrated securities have been assessed by the investment manager to have credit quality consistent with BBB/Baa rated securities. A BBB/Baa rating is the lowest rating a bond can have and still be considered as investment-grade. An investment grade bond is a bond considered to have a relatively low risk of default. As at 31 December 2023 and 2022, there are no non-rated debt securities in default.

The Sub-Fund is also exposed to credit risk on cash and cash equivalents.

3 Financial risk management (continued)

The table below summarises the net exposure to the Sub-Fund's counterparties together with their credit ratings:

As at 31 December 2023

	RMB	*Credit rating*	*Source of credit rating*
Investments			
HSBC Bank (China) Company Limited	29,526,350	A+	Standard& Poor's
Cash and cash equivalents			
HSBC Bank (China) Company Limited	434,782	A+	Standard& Poor's
Bank of Communications Co., Ltd Hong Kong Branch[1]	425	A-	Standard& Poor's
	435,207		
Deposit reserve			
HSBC Bank (China) Company Limited	17,575	A+	Standard& Poor's

As at 31 December 2022

	RMB	*Credit rating*	*Source of credit rating*
Investments			
HSBC Bank (China) Company Limited	33,742,832	A+	Standard& Poor's
Cash and cash equivalents			
HSBC Bank (China) Company Limited	1,038,328	A+	Standard& Poor's
Bank of Communications Co., Ltd Hong Kong Branch[1]	465	A-	Standard& Poor's
	1,038,793		
Deposit reserve			
HSBC Bank (China) Company Limited	19,484	A+	Standard& Poor's

[1] Credit rating of its ultimate holding company Bank of Communications Co., Ltd. Is used.

3 Financial risk management (continued)

All the Sub-Fund's investments, cash and cash equivalents and deposit reserve are held in major financial institutions, which the Sub-Fund believes are of high credit quality. The Manager considers that the Sub-Fund does not have a significant concentration of credit risk.

Cash and cash equivalents, interest receivables and deposit reserve are subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

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

(c) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Fund is exposed to daily redemptions of units in the Sub-Fund. The Sub-Fund invests the majority of their assets in securities that are traded in an active market which can be readily disposed of.

Units are redeemed on demand at the unitholder's option. With a view to protect the interest 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 was 1 (2022: 1) unitholder account holding more than 10% of the Sub-Fund's units.

The table below analyses the Sub-Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows:

	Less than 3 months RMB
As at 31 December 2023	
Management fee payable	31,861
Trustee fee payable	31,595
Sub-custodian fee payable	2,546
Accrued expenses and other payables	207,065
Net assets attributable to unitholders	29,725,012
Contractual cash outflow	29,998,079

3 Financial risk management (continued)

	Less than 3 months RMB
As at 31 December 2022	
Management fee payable	74,478
Trustee fee payable	124,340
Sub-custodian fee payable	2,994
Accrued expenses and other payables	348,110
Net assets attributable to unitholders	34,273,968
Contractual cash outflow	34,823,890

The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 3 months or less. The following table illustrates the expected liquidity of assets held:

	Less than 3 months RMB	*Over 3 months* RMB
As at 31 December 2023		
Total assets	29,961,589	36,490
As at 31 December 2022		
Total assets	34,781,737	42,153

(d) Fair value estimation

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:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Sub-Fund can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3 Financial risk management (continued)

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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that 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.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities measured at fair value at 31 December 2023 and 2022 respectively:

	Level 1 RMB	*Level 2* RMB	*Level 3* RMB	*Total* RMB
As at 31 December 2023				
Assets				
Financial assets at fair value through profit or loss				
- RMB denominated bonds	3,232,260	-	-	3,232,260
- A-Share equity securities	26,294,090	-	-	26,294,090
Total assets	29,526,350	-	-	29,526,350

	Level 1 RMB	*Level 2* RMB	*Level 3* RMB	*Total* RMB
As at 31 December 2022				
Assets				
Financial assets at fair value through profit or loss				
- RMB denominated bonds	3,247,645	-	-	3,247,645
- A-Share equity securities	30,495,187	-	-	30,495,187
Total assets	33,742,832	-	-	33,742,832

For the year ended 31 December 2023 and 2022, there were no transfers between levels.

3 Financial risk management (continued)

(e) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. The Management may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Fund; and
- Exercise discretion when determining the amount of distributions of the Sub-Fund to the unitholders.

4 Distribution to unitholders

The Sub-Fund did not make any distribution during the year ended 31 December 2023 and 2022.

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

	2023 RMB	*2022* RMB
Net unrealised losses of financial assets at fair value through profit or loss	(2,185,310)	(16,314,020)
Net realised (losses) / gains on sale of financial assets at fair value through profit or loss	(1,037,806)	3,202,380
	(3,223,116)	(13,111,640)

6 Number of units in issue and net assets attributable to unitholders per unit

As at 31 December 2023 and 2022, the Sub-Fund issued two classes of units – Class I and Class R. Class R units are available for sale to the retail public in Hong Kong. Class I units are offered to institutional investors.

Net assets attributable to unitholders represent liability in the statement of financial position, carried at the redemption amount that would be payable at the statement of financial position date if the unitholders exercised the right to redeem the units.

The movements of the redeemable units are disclosed in the statement of changes in net assets attributable to unitholders.

6 Number of units in issue and net assets attributable to unitholders per unit (continued)

The following table details the net asset value per unit of each class of units at the reporting date:

	Number of units outstanding	*Net asset value per unit* RMB
As at 31 December 2023		
Class I	2,000,000.000	12.325
Class R	423,482.764	11.983
As at 31 December 2022		
Class I	2,000,000.000	14.025
Class R	455,006.879	13.677

7 Transactions with related parties or 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 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 of Hong Kong. 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.

All transactions were entered into during the year between the Sub-Fund and the Manager, Trustee and their connected persons were carried out in the ordinary course of business and on normal commercial terms.

(a) Bank balances and investments

Bank balances deposited at 31 December 2023 and 2022 and interest income earned during the year on these bank balances are summarised below.

Bank balances are maintained with HSBC Bank (China) Company Limited, the connected person of the Manager and the Trustee:

	2023 RMB	*2022* RMB
Investment held	29,526,350	33,742,832
Bank balances deposited	434,782	1,038,328
Deposit reserve deposited	17,575	19,484
Interest income earned	7,820	10,157

7 Transactions with related parties or connected persons (continued)

Bank balances are maintained with Bank of Communications Co. Ltd HK Branch, a branch of Bank of Communications Co. Ltd., the ultimate holding company of the Manager and the Trustee:

	2023 RMB	*2022* RMB
Bank balances deposited	425	465
Interest income earned	89	174

(b) Management fee

The Manager is entitled to receive a management fee calculated and accrued on each dealing day and payable monthly in arrears. The Manager currently charges a rate of 1.5% per annum for Class R and 1.2% per annum for Class I.

The management fee charged for the year ended 31 December 2023 was RMB438,931 (2022: RMB489,703), of which RMB31,861 (2022: RMB74,478) was outstanding at 31 December 2023.

(c) Trustee fee

The Trustee is entitled to receive a trustee fee of up to 1% per annum of the net asset value of the Sub-Fund. Currently, the Trustee is entitled to receive a fee of 0.11% (2022: 0.11%) per annum of the net asset value of each class of the Sub-Fund, subject to a monthly minimum fee of RMB62,000 for the sub-fund (2022: RMB62,000 for the sub-fund) is being reduced to RMB31,000 effective from 06 Feb 2023. The fee is calculated and accrued daily and payable monthly in arrears.

The table below summarises the trustee fee for the year and trustee fee payable by Sub-Fund as at 31 December 2023 and 2022:

	2023 RMB	*2022* RMB
Trustee fee	408,691	744,001
Trustee fee payable	31,595	124,340

(d) Sub-custodian fee

During the year ended 31 December 2023, the Sub-Fund recognised a sub-custodian fee of RMB16,014 (2022: RMB30,482) charged by HSBC Bank (China) Company Limited, the connected person of the Manager and the Trustee, of which RMB2,546 (2022: RMB2,994) was outstanding at 31 December 2023.

7 Transactions with related parties or connected persons (continued)

(e) Holdings of units of the Sub-Fund

The holdings of units of the Sub-Fund by the Manager and its connected persons as at 31 December 2023 and 2022 were as follows.

Units held by BOCOM International Holdings Company Limited, the parent company of the Manager:

2023	*Units outstanding at 1 January 2023*	*Units subscribed during the year*	*Units redeemed during the year*	*Units outstanding at 31 December 2023*
Class I	2,000,000	-	-	2,000,000

2022	*Units outstanding at 1 January 2022*	*Units subscribed during the year*	*Units redeemed during the year*	*Units outstanding at 31 December 2022*
Class I	2,000,000	-	-	2,000,000

8 Transaction costs

Transaction costs include brokerage and commission fee for the purchases and sales of investments. The transaction costs charged for the year ended 31 December 2023 amounted to RMB648,372 (2022: RMB255,873).

9 Taxation

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made for the Sub-Fund as the Sub-Fund is authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(IA) of the Hong Kong Inland Revenue Ordinance.

PRC Withholding Tax

For the year ended 31 December 2023 and 2022, the Sub-Fund had invested in RMB denominated A-shares and debt securities in PRC.

Under the general tax provision of PRC Corporate Income Tax Law ("PRC CIT Law"), the non-PRC residents with no place of effective management, establishment or place of business in the PRC may be subject to 10% PRC withholding income tax ("WIT") on the capital gain derived from disposal of securities, unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

During the years ended 31 December 2023 and 2022, there was no capital gain derived from disposal of debt securities in PRC by the Sub-Fund, as a result, no provision was made.

Withholding income tax of 10% was charged on dividend income and interest income received from A-shares during the year.

Temporary exemption of PRC WIT and Value-Added Tax ("VAT") on bond interest income effective from 7 November 2018

On 7 November 2018, the Ministry of Finance ("MOF") and the PRC State Taxation Administration ("STA") jointly issued a notice Caishui 2018 No.108 ("Circular 108") which stipulates that foreign institutional investors are temporarily exempted from PRC WIT and VAT in respect of bond interest income received from 7 November 2018 to 6 November 2021. On 22 November 2021, the MOF and the STA officially issued Public Notice 2021 No.34 to extend the CIT and VAT exemption treatment on the bond interest income for the foreign institutional investors investing in the domestic bond market from 6 November 2021 to 31 December 2025.

The taxation of the Sub-Fund represents:

	2023 RMB	*2022* RMB
Withholding tax on interest income	790	1,027
Withholding tax on dividend income	99,964	76,104
Taxation	100,754	77,131

10 Soft commission arrangements

During the year, the Manager and its connected persons did not enter into any soft dollar arrangements with brokers relating to dealing in the assets of the Sub-Fund.

11 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 new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Sub-Fund.

	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 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

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

Investment portfolio (unaudited) as at 31 December 2023

Investments (99.34%)	*Holdings*	*Fair Value* RMB	*% of Net assets*
Listed debt securities (10.87%)			
China			
China, People's Republic of (Government) 1.99 15/09/2024	3,200,000	3,199,360	10.76%
LXSHPI VAR 11/03/26	30,000	32,900	0.11%
		3,232,260	10.87%
Listed equity securities (88.47%)			
China			
Advanced Micro-Fabrication Equipment Inc China	12,000	1,843,200	6.20%
Anji Microelectronics Technology Shanghai Co Ltd	5,500	878,680	2.96%
Beijing Kingsoft Office Software Inc	5,300	1,675,860	5.64%
Castech Inc	32,000	944,960	3.19%
Chengxin Lithium Group Co Ltd	100,000	2,275,000	7.65%
Darbond Technology Co Ltd	22,000	1,173,920	3.95%
Dosilicon Co Ltd	74,000	2,547,820	8.57%
Focuslight Technologies Inc	14,000	1,596,000	5.37%
Ganfeng Lithium Group Co Ltd	58,000	2,482,400	8.35%
Hmt Xiamen New Technical Materials Co Ltd	25,000	677,750	2.28%
Jiangsu Hengrui Pharmaceuticals Co Ltd	13,000	587,990	1.98%
Piotech Inc	6,000	1,387,800	4.67%
Semiconductor Manufacturing International Corp	40,000	2,120,800	7.13%
Shanghai United Imaging Healthcare Co Ltd	9,000	1,233,090	4.15%
Tianqi Lithium Corp	38,000	2,120,020	7.13%
TongFu Microelectronics Co Ltd	65,000	1,502,800	5.06%
Zijin Mining Group Co Ltd	100,000	1,246,000	4.19%
		26,294,090	88.47%
Total investments (cost: RMB30,268,628)		29,526,350	99.34%
Other net assets		198,662	0.66%
Total net assets as at 31 December 2023		29,725,012	100.00%

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

	2022	*Additions*	*Holdings/principal Corporate Actions*	*Disposals*	*2023*
Investments					
Advanced Micro-Fabrication Equipment Inc China	-	12,000	-	-	12,000
All Winner Technology Co Ltd	-	50,000	-	50,000	-
Anhui Zhongdi-A	90,000	-	-	90,000	-
Anji Microelectronics Technology Shanghai Co Ltd	-	5,500	-	-	5,500
AVIC Jonhon Optronic Technology Co Ltd	-	20,000	6,000	26,000	-
BAIC BluePark New Energy Technology Co Ltd	-	215,000	-	215,000	-
Beijing CTJ Information Technology Co Ltd	-	12,000	-	12,000	-
Beijing Dabeinong Technology Group Co Ltd	-	160,000	-	160,000	-
Beijing E-hualu Information Technology Co Ltd	-	50,000	-	50,000	-
Beijing Enlight Media Co Ltd	-	100,000	-	100,000	-
Beijing Kingsoft Office Software Inc	6,500	7,600	-	8,800	5,300
Beijing Tongtech Co Ltd	65,000	-	-	65,000	-
Beijing Urban Construction Investment & Development Co Ltd	-	340,000	-	340,000	-
BlueFocus Intelligent Communications Group Co Ltd	-	100,000	-	100,000	-
BOE Technology Group Co Ltd	-	400,000	-	400,000	-
BTG Hotels Group Co Ltd	-	50,000	-	50,000	-
Cambricon Technologies Corp Ltd	-	43,000	-	43,000	-
Castech Inc	-	32,000	-	-	32,000
Changsha Jingjia Microelectronics Co Ltd	-	19,000	-	19,000	-
Chengxin Lithium Group Co Ltd	-	150,000	-	50,000	100,000
China Construction Bank Corp	-	290,000	-	290,000	-
China Merchants Shekou Industrial Zone Holdings Co Ltd	70,000	-	-	70,000	-
China National Software & Service Co Ltd	29,930	-	-	29,930	-
China Rare Earth Resources and Technology Co Ltd	-	60,000	-	60,000	-
China Shenhua Energy Co Ltd	-	65,000	-	65,000	-
China Southern Airlines Co Ltd	104,000	-	-	104,000	-
China State Construction Engineering Corp Ltd	250,000	-	-	250,000	-
China Vanke Co Ltd	-	280,000	-	280,000	-
Chongqing Changan Automobile Co Ltd	-	110,000	-	110,000	-
CNOOC Ltd	-	100,000	-	100,000	-
Contemporary Amperex Technology Co Ltd	-	6,000	-	6,000	-
COSCO Shipping Energy Transportation Co Ltd	-	60,000	-	60,000	-

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

	2022	*Additions*	*Holdings/principal Corporate Actions*	*Disposals*	*2023*
Investments (continued)					
COSCO Shipping Holdings Co Ltd	60,000	-	-	60,000	-
Darbond Technology Co Ltd	-	42,000	-	20,000	22,000
Digital China Group Co Ltd	-	46,000	-	46,000	-
Dosilicon Co Ltd	-	74,000	-	-	74,000
East Money Information Co Ltd	-	100,000	20,000	120,000	-
Focus Media Information Technology Co Ltd	100,000	-	-	100,000	-
Focuslight Technologies Inc	-	14,000	-	-	14,000
Foryou Corp	-	94,000	-	94,000	-
Foshan Haitian Flavouring and Food Co Ltd	-	27,000	2,000	29,000	-
Foxconn Industrial Internet Co Ltd	-	150,000	-	150,000	-
Ganfeng Lithium Group Co Ltd	-	113,000	-	55,000	58,000
Gemdale Corp	-	170,000	-	170,000	-
Giantec Semiconductor Corp	-	10,000	-	10,000	-
GigaDevice Semiconductor Inc	-	16,600	-	16,600	-
Great Wall Motor Co Ltd	-	142,000	-	142,000	-
Gree Electric Appliances Inc of Zhuhai	-	6,400	-	6,400	-
Guangdong Fuxin Technology Co Ltd	-	34,877	-	34,877	-
Guangdong Huate Gas Co Ltd	10,000	-	-	10,000	-
Guangdong Kinlong Hardware Products Co Ltd	-	43,000	-	43,000	-
Guangshen Railway Co Ltd	-	250,000	-	250,000	-
Guangzhou Shiyuan Electronic Technology Co Ltd	-	15,000	-	15,000	-
Guizhou Aviation Technical Development Co Ltd	-	15,000	-	15,000	-
Hangzhou Robam Appliances Co Ltd	50,000	-	-	50,000	-
HBIS Co Ltd	-	500,000	-	500,000	-
Hebei Hengshui Laobaigan Liquor Co Ltd	-	70,000	-	70,000	-
Hmt Xiamen New Technical Materials Co Ltd	-	25,000	-	-	25,000
Hua Yuan Property Co Ltd	-	450,000	-	450,000	-
Huadian Power International Corp Ltd	-	170,000	-	170,000	-
Huizhou Desay SV Automotive Co Ltd	4,000	19,000	-	23,000	-
Hundsun Technologies Inc	43,000	-	-	43,000	-
Hygon Information Technology Co Ltd	-	20,000	-	20,000	-
IEIT SYSTEMS Co Ltd	-	155,000	-	155,000	-
Ingenic Semiconductor Co Ltd					
iSoftStone Information Technology Group Co Ltd	-	3,000	-	3,000	-
JA Solar Technology Co Ltd	-	53,000	-	53,000	-
JCET Group Co Ltd	-	50,000	-	50,000	-
Jiangsu Hengrui Pharmaceuticals Co Ltd	-	13,000	-	-	13,000

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

	2022	*Additions*	*Holdings/principal Corporate Actions*	*Disposals*	*2023*
Investments (continued)					
Jiangsu Hoperun Software Co Ltd	-	55,000	-	55,000	-
Jushri Technologies Inc	-	100,000	-	100,000	-
Kingnet Network Co Ltd	-	50,000	-	50,000	-
Kweichow Moutai Co Ltd	-	900	-	900	-
Lizhong Sitong Light Alloys Group Co Ltd	-	30,000	-	30,000	-
Lucky Harvest Co Ltd	-	25,000	-	25,000	-
Luxshare Precision Industry Co Ltd	-	50,000	-	50,000	-
Macmic Science & Technology Co Ltd	30,000	-	-	30,000	-
Mango Excellent Media Co Ltd	-	45,000	-	45,000	-
Midea Group Co Ltd	-	17,000	-	17,000	-
Montage Technology Co Ltd	-	45,000	-	45,000	-
NAURA Technology Group Co Ltd	-	5,000	-	5,000	-
NBTM New Materials Group Co Ltd	-	80,000	-	80,000	-
Offcn Education Technology Co Ltd	300,000	150,000	-	450,000	-
OFILM Group Co Ltd	-	200,000	-	200,000	-
Pharmaron Beijing Co Ltd	13,000	68,000	-	81,000	-
Ping An Insurance Group Co of China Ltd	-	57,000	-	57,000	-
Piotech Inc	-	6,000	-	-	6,000
Sailvan Times Co Ltd	-	20,000	-	20,000	-
Semiconductor Manufacturing International Corp	-	45,000	-	5,000	40,000
Seres Group Co Ltd	-	50,000	-	50,000	-
Shaanxi Coal Industry Co Ltd	-	70,000	-	70,000	-
Shanghai Anlogic Infotech Co Ltd	10,000	20,000	-	30,000	-
Shanghai Ganglian E-Commerce Holdings Co Ltd	-	75,000	-	75,000	-
Shanghai United Imaging Healthcare Co Ltd	-	9,000	-	-	9,000
Shanghai Wanye Enterprises Co Ltd	-	100,000	-	100,000	-
Shanxi Xinghuacun Fen Wine Factory Co Ltd	2,916	7,500	-	10,416	-
Shede Spirits Co Ltd	-	4,500	-	4,500	-
Shenzhen Dynanonic Co Ltd	3,800	16,000	-	19,800	-
Shenzhen Longsys Electronics Co Ltd	-	45,000	-	45,000	-
Shenzhen Mindray Bio-Medical Electronics Co Ltd	4,600	-	-	4,600	-
Shijiazhuang Yiling Pharmaceutical Co Ltd	-	50,000	-	50,000	-
Sieyuan Electric Co Ltd	18,000	-	-	18,000	-
Sinotruk Jinan Truck Co Ltd	90,000	-	-	90,000	-
SonoScape Medical Corp	-	20,000	-	20,000	-

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

	2022	*Additions*	*Holdings/principal Corporate Actions*	*Disposals*	*2023*
Investments (continued)					
Suofeiya Home Collection Co Ltd	70,000	170,000	-	240,000	-
Talkweb Information System Co Ltd	-	100,000	-	100,000	-
TCL Zhonghuan Renewable Energy Technology Co Ltd	-	30,000	-	30,000	-
Thunder Software Technology Co Ltd	-	5,000	-	5,000	-
Tianqi Lithium Corp	-	38,000	-	-	38,000
TongFu Microelectronics Co Ltd	-	284,600	-	219,600	65,000
Wanda Film Holding Co Ltd	50,000	-	-	50,000	-
Wanhua Chemical Group Co Ltd	20,000	-	-	20,000	-
Wondershare Technology Group Co Ltd	-	12,000	-	12,000	-
Wuhan Huazhong Numerical Control Co Ltd	-	30,000	-	30,000	-
WuXi AppTec Co Ltd	-	23,000	-	23,000	-
Wuxi Best Precision Machinery Co Ltd	-	30,000	-	30,000	-
Yijiahe Technology Co Ltd	-	38,000	-	38,000	-
Yunnan Baiyao Group Co Ltd	20,000	-	-	20,000	-
Yunnan Energy New Material Co Ltd	-	14,000	-	14,000	-
Yutong Bus Co Ltd	-	225,000	-	225,000	-
Zhejiang China Commodities City Group Co Ltd	-	120,000	-	120,000	-
ZHEJIANG NARADA POWER SOURCE Co Ltd	-	140,000	-	140,000	-
Zhejiang Shuanghuan Driveline Co Ltd	-	35,000	-	35,000	-
Zhongji Innolight Co Ltd	-	17,500	-	17,500	-
Zijin Mining Group Co Ltd	-	240,000	-	140,000	100,000
ZTE Corp	-	45,000	-	45,000	-
Listed debt securities					
China					
CGB 3.40 04/17/23	3,200,000	-	-	3,200,000	-
China, People's Republic of (Government) 1.99 15/09/2024	-	3,200,000	-	-	3,200,000
LXSHPI VAR 11/03/26	30,000	-	-	-	30,000

Performance table (unaudited) for the year ended 31 December 2023

	Net asset value of the Sub-Fund RMB	*Net asset value per unit* RMB
At 31 December 2023 (NAV)	29,725,012	
Class I		12.325
Class R		11.983
At 31 December 2022 (NAV)	34,273,968	
Class I		14.025
Class R		13.677
At 31 December 2021 (NAV)	50,803,862	
Class I		19.579
Class R		19.151

Performance table (unaudited) for the year ended 31 December 2023

	Highest net asset value per unit RMB	*Lowest net asset value per unit* RMB
Highest and lowest net asset value per unit		
At 31 December 2023		
Class I	15.925	12.018
Class R	15.518	11.685
At 31 December 2022		
Class I	19.217	14.025
Class R	18.796	13.677
At 31 December 2021		
Class I	22.330	17.205
Class R	21.900	16.868
At 31 December 2020		
Class I	19.887	11.433
Class R	19.511	11.242
At 31 December 2019		
Class I	13.336	10.083
Class R	13.129	9.951
At 31 December 2018		
Class I	15.854	10.143
Class R	15.692	10.011
At 31 December 2017		
Class I	15.283	11.477
Class R	15.134	11.394
At 31 December 2016		
Class I	12.628	10.570
Class R	12.575	10.524
At 31 December 2015		
Class I	20.135	11.468
Class R	20.086	11.430
At 31 December 2014 (from inception)		
Class I	14.409	9.751
Class R	14.393	9.745