

***i* CAPITAL CHINA FUND**
(A SUB-FUND OF *i* CAPITAL MASTER FUND)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 JULY 2025

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MANAGEMENT AND ADMINISTRATION

Manager Capital Dynamics Asset Management (HK) Private Limited
Suite 701, 7th Floor, Chinachem Leighton Plaza
29 Leighton Road
Causeway Bay
Hong Kong

Directors of the Manager Tan Teng Boo
Wu Xiongwei (Resigned on 31 March 2025)
Tan Mun Lin (Appointed on 31 March 2025)
Yang Qilin (Appointed on 6 May 2025)

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

Trustee and Registrar BOCI-Prudential Trustee Limited
Suites 1501-1507 & 1513-1516, 15/F
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

Auditor PricewaterhouseCoopers
22/F, Prince's Building
Central
Hong Kong

REPORT OF THE TRUSTEE

We hereby confirm that, in our opinion, the Manager, Capital Dynamics Asset Management (HK) Private Limited, has, in all material respects, managed *i* Capital China Fund (a sub-fund of *i* Capital Master Fund) in accordance with the provisions of the Trust Deed dated 17 July 2017, as amended, for the year ended 31 July 2025.

For and on behalf of
BOCI-Prudential Trustee Limited

Authorised Signatory

Hong Kong,
30 October 2025

Authorised Signatory

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF *i* CAPITAL CHINA FUND
(A SUB-FUND OF *i* CAPITAL MASTER FUND)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of *i* Capital China Fund (the "Fund"), a sub-fund of *i* Capital Master Fund, which are set out on pages 6 to 29, comprise:

- the statement of net assets as at 31 July 2025;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 July 2025, and of its financial transactions and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF i CAPITAL CHINA FUND
(A SUB-FUND OF i CAPITAL MASTER FUND) (CONTINUED)**

Other Information

The Trustee and the Manager (the "Management") of the 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 Trustee and the Manager for the Financial Statements

The Management of the Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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 Fund is responsible for assessing the 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 Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the 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 July 2017 ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

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. We report our opinion 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 HKSAAs 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 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF i CAPITAL CHINA FUND
(A SUB-FUND OF i CAPITAL MASTER FUND) (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Mok, Shun Wah (practising certificate number: P07047).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong,
30 October 2025

STATEMENT OF NET ASSETS

AS AT 31 JULY 2025

	Notes	2025 USD	2024 USD
ASSETS			
Current assets			
Financial assets at fair value through profit or loss	4.1, 4.4	6,445,283	4,992,652
Prepayments and other receivables		904	1,169
Amount due from Manager	4.4	58,686	54,137
Cash and cash equivalents	4.4, 8.6	365,860	311,135
Total assets		<u>6,870,733</u>	<u>5,359,093</u>
LIABILITIES			
Current liabilities			
Management fee payable	8.1	9,455	7,187
Trustee fee payable	8.3	5,500	5,333
Redemption payable		-	34,045
Accrued expenses and other payables		19,657	19,033
Total liabilities		<u>34,612</u>	<u>65,598</u>
Equity			
Net assets attributable to unitholders	7	<u>6,836,121</u>	<u>5,293,495</u>

For and on behalf of
BOCI-Prudential Trustee Limited, Trustee

For and behalf of
Capital Dynamics Asset Management (HK)
Private Limited, Manager

Authorised Signatory

Authorised Signatory

Director

The notes on pages 10 to 29 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2025

	Notes	2025 USD	2024 USD
Income			
Dividend income		220,562	255,035
Interest income	8.6	210	591
Net gains/ (losses) on financial assets at fair value through profit or loss	6	1,798,008	(1,001,399)
Net foreign exchange losses		(7,001)	(3,252)
Other income	8.9	4,585	9,797
Total investment income/ (loss)		<u>2,016,364</u>	<u>(739,228)</u>
Expenses			
Management fee	8.1	91,551	80,503
Trustee fee	8.3	60,000	60,000
Custodian fee	8.6	2,397	1,670
Transaction costs		3,685	859
Transaction handling fee	8.8	225	90
Audit fee		19,400	19,200
Other operating expenses		4,809	4,458
Total operating expenses		<u>182,067</u>	<u>166,780</u>
Profit/ (loss) before tax		1,834,297	(906,008)
Withholding taxes		(12,682)	(13,367)
Total comprehensive income/ (loss)		<u><u>1,821,615</u></u>	<u><u>(919,375)</u></u>

The notes on pages 10 to 29 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 JULY 2025

	2025 USD	2024 USD
Net assets attributable to unitholders at the beginning of the year	5,293,495	6,243,569
Subscription of units	216,849	118,966
Redemption of units	(495,838)	(149,665)
Net decrease from transactions with unitholders	(278,989)	(30,699)
Total comprehensive income/ (loss)	1,821,615	(919,375)
Net assets attributable to unitholders at the end of the year	<u>6,836,121</u>	<u>5,293,495</u>
	2025	2024
Unit in issue at the beginning of the year		
Class A	6,642,064.1929	6,673,678.6342
Issue of units		
Class A	230,061.2367	149,120.2138
Redemption of units		
Class A	(537,936.4387)	(180,734.6551)
Unit in issue at the end of the year		
Class A	<u>6,334,188.9909</u>	<u>6,642,064.1929</u>

The notes on pages 10 to 29 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2025

	2025 USD	2024 USD
Cash flows from operating activities		
Total comprehensive income/ (loss)	1,821,615	(919,375)
Adjustments for:		
Interest income	(210)	(591)
Dividend income, net of withholding tax	(207,880)	(241,668)
Operating income/ (loss) before working capital changes	1,613,525	(1,161,634)
Net (increase)/ decrease in financial assets at fair value through profit or loss	(1,452,631)	644,720
Net decrease/ (increase) in prepayments and other receivables	265	(454)
Net increase in amount due from Manager	(4,549)	(9,785)
Net increase/ (decrease) in management fee payable	2,268	(438)
Net increase in trustee fee payable	167	333
Net (decrease)/ increase in redemption payable	(34,045)	34,045
Net increase in accrued expenses and other payables	624	77
Cash generated from/ (used in) operations	125,624	(493,136)
Interest income received	210	591
Dividend income received, net of withholding tax	207,880	241,668
Net cash generated from/ (used in) operating activities	333,714	(250,877)
Cash flows from financing activities		
Proceeds from subscription of units	216,849	118,966
Payments on redemption of units	(495,838)	(149,665)
Net cash used in from financing activities	(278,989)	(30,699)
Net increase/ (decrease) in cash and cash equivalents	54,725	(281,576)
Cash and cash equivalents at the beginning of the year	311,135	592,711
Cash and cash equivalents at the end of the year	365,860	311,135
Cash and cash equivalents at the end of the year, represented by:		
Cash at bank	365,860	311,135
	365,860	311,135

The notes on pages 10 to 29 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

i Capital China Fund (the “Fund”) is a sub-fund of i Capital Master Fund. i Capital Master Fund is an open-ended umbrella unit trust which is governed by its trust deed dated 17 July 2017, as amended (the “Trust Deed”), between Capital Dynamics Asset Management (HK) Private Limited (the “Manager”) and BOCI-Prudential Trustee Limited (the “Trustee”).

The Fund is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104 of the Hong Kong Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by the SFC (“SFC Code”).

The investment objective of the Fund is to achieve long-term capital appreciation by primarily investing in equity securities issued by companies listed in Hong Kong, Shanghai and/ or Shenzhen.

2. Summary of material accounting policies

The material accounting policies applied in the preparation of these financial statements of the Fund are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA and the relevant disclosure provisions specified in Appendix E of the SFC Code.

The financial statements of the Fund have been prepared on a going concern basis and have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager (the “Management”) to exercise their judgement in the process of applying the Fund’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

New Standards and amendments to existing standards effective 1 August 2024

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 August 2024 that have a material effect on the financial statements of the Fund.

New standards and amendments to standards that are not yet effective and have not been early adopted by the Fund

A number of new standards, amendments to standards and interpretations are effective for financial periods beginning after 1 August 2024, and have not been early adopted in preparing these annual financial statements. The assessment of the impact of these new standards and amendments is set out below:

- i) Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7 (effective for annual periods beginning on or after 1 January 2026)

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (Continued)

2.1 Basis of preparation (Continued)

The HKICPA issued targeted amendments to HKFRS 9 and HKFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. Among other amendments, the HKICPA clarified the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.

- ii) HKFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

The HKICPA issued the new standard on presentation and disclosure in financial statements, which replaces HKAS 1, with a focus on updates to the statement of comprehensive income.

The key new concepts introduced in HKFRS 18 relate to:

- the structure of the statement of comprehensive income with defined subtotals;
- the requirement to determine the most useful structured summary for presenting expenses in the statement of comprehensive income;
- required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

The Fund is currently still assessing the effect of the forthcoming standard and amendments. No other new standards or amendments to standards are expected to have a material effect on the financial statements of the Fund.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the functional currency of the United States Dollar ("USD"), which reflects the fact that the issuance and redemption of units, performance measurement and reporting to the investors as well as settlement of fees and expenses are carried in USD.

The Fund has adopted USD as its presentation currency and the financial statements are presented in USD.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (Continued)

2.2 Foreign currency translation (Continued)

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

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 “net gains/ (losses) on financial assets at fair value through profit or loss”.

2.3 Financial assets at fair value through profit or loss

(i) Classification

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

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

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

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

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

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income.

(iii) 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 traded in active markets (such as publicly traded securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Fund was the last traded market price which 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (Continued)

2.3 Financial assets at fair value through profit or loss(Continued)

The fair value of financial assets that are not traded in an active market is determined using valuation techniques.

Management may from time to time determine the prices or make adjustments to the fair values of investments at their discretion if they believe that an adjustment is required to arrive at the fair value of the position.

(iv) Transfers between levels of the fair value hierarchy

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

2.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

2.5 Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the 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 Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty 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.

2.6 Cash and cash equivalents

'Cash and cash equivalents' includes cash at banks, deposits held with banks with original maturities of three months or less from the date of placement net of bank overdrafts, if any.

2.7 Income and expenses

Interest income is recognised on a time-proportionate basis using the effective interest method in the statement of comprehensive income for all interest bearing instruments. Other income is accounted on an accrual basis.

The effective interest method is a method of calculating the amortised cost of an interest bearing asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout the expected life of the financial instrument,

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (Continued)

2.7 Income and expenses (Continued)

or a shorter period where appropriate, to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Fund, and the amount of the dividend can be measured reliably. Dividend income is recorded on the ex-dividend date with the corresponding foreign withholding taxes recorded as an expense.

Expenses are accounted for on an accrual basis.

2.8 Accrued expenses and other payables

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

2.9 Redeemable units

The Fund's redeemable units, which are redeemable at the unitholder's option, represents puttable financial instruments. Puttable financial instruments are classified as equity in accordance with HKAS 32 (Amendment), "Financial instruments: Presentation" if they meet all the following criteria:

- the puttable financial instruments entitle the unitholder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Fund.

The Fund has only one class of redeemable units in issue and its redeemable units meet all of these conditions and are classified as equity.

2.10 Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the fees and commissions paid to brokers. Transaction costs are expensed as incurred in statement of comprehensive income.

2.11 Withholding taxes

The Fund currently incurs withholding taxes imposed by the People's Republic of China on dividend 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of material accounting policies (Continued)

2.12 Comparatives

Where necessary, comparative figures have been re-classified to conform with current year presentation.

3. Critical accounting estimates and judgements

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the fair value of the tax exposure which are dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

3.1 People's Republic of China ("PRC") tax provision

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

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 exempted or reduced under current PRC tax laws and regulations or relevant tax treaties.

In addition, the non-PRC residents with interest income derived from the debt securities will be subject to 10% WIT. Pursuant to the PRC CIT Law, debt securities issuers in the PRC are obligated to withhold the 10% PRC WIT on interest income for those foreign debt securities holders. However, interest income derived from government bonds issued by the State Council's finance departments and/ or local government bonds approved by the State Council is exempt from PRC WIT under the PRC CIT Law.

Furthermore, according to the notice Caishui [2016] No.36 ("Circular 36"), Value-Added Tax ("VAT") at 6% shall be levied on the difference between the selling and buying prices of those marketable securities starting from 1 May 2016. According to Circular 36, interest income is subject to VAT at 6% unless there is specific VAT exemption under the tax regulations. Bank deposit interest income and interest received from government bonds and local government bonds are exempt from VAT.

In addition, if VAT is applicable, local surtaxes including Urban Maintenance and Construction Tax ("UMCT") (currently at the rate ranging from 1% to 7%), Education Surcharge ("ES") (currently at the rate of 3%) and Local Education Surcharge ("LES") (currently at the rate of 2%) are imposed based on the VAT liabilities (the "VAT related taxes"). Pursuant to the newly issued UMCT Law and Public Notice [2021] No.28 jointly issued by the Ministry of Finance ("MOF") and the PRC State Taxation Administration ("STA"), effective from 1 September 2021, no UMCT, ES and LES would be levied on the VAT paid for the service provisions and sale of intangible assets in China by overseas parties to PRC parties. However, in practice, the implementation of the exemption may vary depending on the local practice.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting estimates and judgements (Continued)

3.1 People's Republic of China ("PRC") tax provision (Continued)

According to Caishui [2014] No. 79, QFII/ RQFII without permanent establishment in the PRC or having an establishment in the PRC but the income derived in China is not effectively connected with such establishment are temporarily exempt from PRC CIT on capital gains derived from trading PRC equity investments (including A Shares) effective from 17 November 2014. According to Caishui [2014] No. 81 and Caishui [2016] No. 127, capital gains derived by overseas investors from the trading of China A Shares via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect are temporarily exempt from PRC CIT. The capital gains derived by QFIIs/ RQFIIs and through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect from trading of marketable securities (including A-shares and other PRC listed securities) are exempted from PRC VAT in the PRC under Circular 36 and other prevailing VAT regulations.

The Fund invests in A-shares and B-Shares traded via Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect and H-Shares, and is subjected to 10% WIT on dividend income derived from the shares. WIT was charged on dividend income received from the shares during the year ended 31 July 2025 and 2024.

(i) Capital gains tax on B-shares in the People's Republic of China ("PRC")

The Fund has investments in B-shares. The PRC taxation of gains on B-shares is presently unclear as to:

- (a) Whether the PRC tax authorities will enforce tax on capital gains on B-shares; and
- (b) If the PRC tax authorities were to enforce the tax, it is uncertain from which date the tax would be calculated and payable.

The Manager has exercised their own judgment on whether the Fund may be liable for taxation on its gains to date and the amount of the potential liability. However, uncertainties exist and the judgment of the Manager may prove incorrect, as actual events may differ substantially. The Manager considers that their judgments may be impacted by any future clarification by the PRC State Taxation Administration ("STA") which may be different from what they earlier envisioned.

Under general taxing provisions of the Corporate Income Tax Law ("CIT Law"), a Fund could be technically subject to 10% WIT on the PRC sourced capital gains, unless exempt or reduced under relevant double tax treaties. However, the 10% WIT has not been strictly enforced by local tax bureau on capital gains derived by non-tax resident enterprises of the PRC from the trading of B-Shares.

The current VAT regulations is silent on VAT exemption on capital gains derived from trading of China B-Shares. Having said that, the PRC tax authorities have not actively collected VAT from non-tax resident enterprises of the PRC on gains realised from China B-Shares in practice.

The Manager considers that there is significant uncertainty in respect of whether the Fund has any liability and the extent of any such liability in respect of capital gains derived from the disposal of B-shares. The Manager has assessed the likelihood of such exposure and has not made provisions for capital gains tax on realised gains and unrealised gains derived from B-shares since 2 January 2018 (date of commencement of operations) to 31 July 2025 based on their best estimate of the potential PRC tax liability with respect to the gains on B-shares. There is a possibility that an additional provision may be required in relation to the tax provision position as at 31 July 2025. The Manager continues to monitor the position and will make an appropriate adjustment if and when it is considered that there are sufficient grounds to do so.

NOTES TO THE FINANCIAL STATEMENTS

3. Critical accounting estimates and judgements (Continued)

3.1 People's Republic of China ("PRC") tax provision (Continued)

(ii) Capital gains tax on H-shares in PRC

The Fund has investments in shares of companies in PRC listed on the Hong Kong Stock Exchange ("H-shares"). Under general taxing provisions of the Corporate Income Tax Law ("CIT Law"), a Fund could be technically subject to 10% WIT on the PRC sourced capital gains, unless exempt or reduced under relevant double tax treaties. However, there may be practical difficulty for the PRC tax authorities to impose and collect WIT on such capital gains. The 10% WIT has not been strictly enforced by local tax bureau on capital gains derived by non-tax resident enterprises of the PRC from the trading of H-Shares. Where capital gains are derived from trading of H-Shares, VAT in general is not imposed as the purchase and disposal are often concluded and completed outside the PRC.

No provision was made for taxation from such gains in the financial statements as the Manager believes that the taxation on capital gains derived from H-Shares is not probable under the current enforcement environment.

4. Financial risk management

The Fund is exposed to a variety of risks including but not limited to market price risk, cash flow and fair value interest rate risk, currency risk, credit and counterparty risk and liquidity risk which are associated with the markets in which the Fund invests.

The following is a summary of the main risks and risk management policies.

4.1 Market 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.

All investments present a risk of loss of capital. The Manager moderates this risk through a diversified portfolio of investment and deliberate securities selection across different sectors in accordance with the investment objective of the Fund. The Fund will not invest in more than 10 per cent of the net asset value in the securities of a single issuer. The Manager monitors the risk on a regular basis and rebalances the portfolio of investment from time to time to reflect any change to the composition or the weighting.

The following table discloses the financial assets at fair value through profit or loss of the Fund by product type as at 31 July 2025 and 2024:

	2025 USD	2024 USD
Financial assets at fair value through profit or loss		
Listed equities in Mainland China	3,473,912	2,315,316
Listed equities in Hong Kong	2,971,371	2,289,376
Listed equities in Singapore	-	387,960
	<u>6,445,283</u>	<u>4,992,652</u>

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (Continued)

4.1 Market price risk (Continued)

The following table discloses the financial assets at fair value through profit or loss of the Fund by industrial sectors as at 31 July 2025 and 2024:

	2025	
	Fair value of investment	% of net asset value
	USD	
Financial assets at fair value through profit or loss		
Listed equities		
Consumer products	2,600,631	38.04
Financial services	860,296	12.58
Health care	453,990	6.64
Industrials	1,970,506	28.83
Utilities	559,860	8.19
Total financial assets at fair value through profit or loss	6,445,283	94.28
	2024	
	Fair value of investment	% of net asset value
	USD	
Financial assets at fair value through profit or loss		
Listed equities		
Consumer products	1,373,303	25.94
Financial Services	571,130	10.79
Industrials	1,860,502	35.15
Materials	387,960	7.33
Utilities	799,757	15.11
Total financial assets at fair value through profit or loss	4,992,652	94.32

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

The financial assets at fair value through profit or loss that account for more than 10% of the Fund's net asset value as at 31 July 2025 and 2024 were as follows:

	2025 % of NAV	2024 % of NAV
Alibaba Group Holding Limited	10.35%	8.97%
Concord New Energy Group Limited	8.19%	15.11%
Espressif Systems Shanghai Co Ltd – A Shares	13.34%	2.85%
Guangdong Provincial Expressway Development Co Limited – B Shares	14.10%	17.41%

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (Continued)

4.1 Market price risk (Continued)

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Fund might suffer through holding market positions in the face of unfavourable price movements. In seeking to achieve the long term capital appreciation investment objective of the Fund, the Manager adopts its value investing approach and will not be restricted by any particular benchmark index in the selection of securities and construction of the Fund's portfolio. The Fund's equity investments are publicly traded. The table shown below summarises the impact on the Fund's net asset attributable to unitholders in response to theoretical increases/ decreases of the market index of China, Hong Kong and Singapore to which the Fund is exposed. The analysis is based on the assumption that the index had increased/ decreased by the respective percentage and the Fund's investments moved according to the historical correlation with the index. This analysis is dependent on historical data and forward looking factors therefore relies on the appropriateness of the data set being used.

Index	2025 Reasonable possible shift	2025 Effect on net assets attributable to unitholders USD
Shanghai Stock Exchange A Share Index	+/-5%	114,288
Hang Seng Index	+/-7%	97,953

Index	2024 Reasonable possible shift	2024 Effect on net assets attributable to unitholders USD
Shanghai Stock Exchange A Share Index	+/-4%	78,904
Hang Seng Index	+/-5%	73,593
Straits Times Index	+/-2%	1,943

4.2 Cash flow and fair value interest rate risk

Interest rate risk is the risk that the future cash flow and the value of a financial instrument will fluctuate due to changes in market interest rates.

As the Fund has no significant interest-bearing financial assets apart from cash and cash equivalents, the Fund's income and operating cash flow are substantially independent of fluctuations in the prevailing levels of market interest rates and Management currently considers the Fund's exposure to interest rate risk to be insignificant. All cash and cash equivalents are short-term with maturity less than three months. Receivables and payables are interest-free and have settlement date less than 1 year.

As at 31 July 2025, the Fund had cash and cash equivalents of USD365,860 (2024: USD311,135). If interest rates had been 75 basis points (2024: 75 basis points) higher or lower with all other variables held constant, net assets attributable to unitholders would have been USD2,744 (2024: USD2,334) higher or lower as at 31 July 2025.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (Continued)

4.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Fund has assets and liabilities denominated in currencies other than USD, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

Apart from net financial assets of USD4,272,832 (2024: USD3,307,980) denominated in Hong Kong dollar ("HKD"), which is pegged to the USD that the Fund does not consider its currency risk to be significant, the Fund has financial assets of USD2,519,426 (2024: USD1,393,718) and USD1,830 (2024: USD551,450) denominated in Chinese Yuan ("CNY") and Singapore Dollar ("SGD"), respectively. At 31 July 2025, if USD had weakened/ strengthened by 0.58% (2024: 0.58%) against CNY with all other variable held constant, the pre-tax profit for the period would have been approximately USD14,613 (2024: USD8,084) higher/ lower; and if USD had weakened/ strengthened by 3.12% (2024: 0.02%) against SGD with all other variable held constant, the pre-tax profit for the period would have been approximately USD57 (2024: USD110) higher/ lower, respectively, mainly as a result of foreign exchange gains/ losses on revaluation.

4.4 Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Fund.

The Fund is exposed to credit and counterparty risk on amount due from Manager, cash and cash equivalents, prepayments and other receivables, and assets held with the custodian.

The Fund limits its exposure to credit risk by transacting the majority of its investments and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Trustee and the Manager consider to be well established.

All transactions in listed 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 when the custodian has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The table below summarises the exposures to the Fund's counterparty as at 31 July 2025 and 2024 together with its credit rating:

At 31 July 2025	USD	Credit rating	Source of credit rating
Financial assets at fair value through profit or loss			
Bank of China (Hong Kong) Limited	6,445,283	A+	Standard & Poor's
Amount due from Manager			
Capital Dynamics Asset Management (HK) Private Limited	58,686	-	-
Cash and cash equivalents			
Bank of China (Hong Kong) Limited*	365,860	A+	Standard & Poor's

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (Continued)

4.4 Credit and counterparty risk (Continued)

At 31 July 2024	USD	Credit rating	Source of credit rating
Financial assets at fair value through profit or loss			
Bank of China (Hong Kong) Limited	4,992,652	A+	Standard & Poor's
Amount due from Manager			
Capital Dynamics Asset Management (HK) Private Limited	54,137	-	-
Cash and cash equivalents			
Bank of China (Hong Kong) Limited*	311,135	A+	Standard & Poor's

*The credit quality of deposit placed with Bank of China (Hong Kong) Limited that is neither past due nor impaired can be assessed by historical information about counterparties default rates. The Manager considers there is no significant risk on such deposit placed with Bank of China (Hong Kong) Limited at the reporting date as there was no default history in the past.

The maximum exposure to credit risk as at 31 July 2025 and 2024 is the carrying amount of the financial assets as shown on the Statement of Net Assets.

The Fund applies the HKFRS 9 'Financial Instruments' ("HKFRS 9") general model for prepayments and other receivables and amount due from Manager to measure expected credit losses. Cash and cash equivalents is also subject to the impairment requirements of HKFRS 9.

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss. At 31 July 2025, all cash and cash equivalents are held with counterparties with a credit rating of A+ or higher (2024: A+) and are due to be settled within 1 week. The Manager 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 Fund.

4.5 Liquidity risk

Liquidity risk is the risk that the 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 Fund is exposed to weekly cash redemption from unitholders. In accordance with the Explanatory Memorandum, with a view to protecting the interests of all unitholders, the Manager may, with the approval of the Trustee, limit the number of units redeemed on any redemption day (whether by sale to the Manager or by cancellation of units) to 10% of the total number of units in issue. The Fund has the ability to borrow up to 25% of net asset value to enhance their liquidity in meeting redemptions.

The Manager manages liquidity risk by maintaining sufficient cash and marketable securities to meet the normal operating commitments. Cash and cash equivalents have maturity of less than three months and the

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (Continued)

4.5 Liquidity risk (Continued)

majority of the Fund's financial assets at fair value through profit or loss are traded in active markets and can be readily disposed of.

The table below analyses the 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. Balances due within 12 months are equal to their carrying balances, as the impact of discounting is not significant.

	2025	2024
	Less than 3 months	Less than 3 months
	USD	USD
Management fee payable	9,455	7,187
Trustee fee payable	5,500	5,333
Redemption payable	-	34,045
Accrued expenses and other payables	19,657	19,033
	<u>34,612</u>	<u>65,598</u>

As at 31 July 2025, the total assets of the Fund amounted to USD6,870,733 (2024: USD5,359,093). The Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 7 days or less.

At 31 July 2025 and 2024, there is no investor held more than 10% of the Fund's redeemable units.

4.6 Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded security) are based on quoted market prices at the close of trading on the year end date. The Fund adopted HKFRS 13, 'Fair value measurement', and utilises the last traded market price for both financial assets and financial liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. 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 Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify 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).

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (Continued)

4.6 Fair value estimation (Continued)

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on 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 Fund. The Manager 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 tables analyse within the fair value hierarchy the Fund’s financial assets at 31 July 2025 and 2024:

As at 31 July 2025	Level 1	Level 2	Level 3	Total
Assets	USD	USD	USD	USD
Equities	6,445,283	-	-	6,445,283
Total	6,445,283	-	-	6,445,283

As at 31 July 2024	Level 1	Level 2	Level 3	Total
Assets	USD	USD	USD	USD
Equities	4,992,652	-	-	4,992,652
Total	4,992,652	-	-	4,992,652

The investments classified in level 1 were fair valued based on quoted market price in an active market. The Fund does not adjust the quoted price of these investments.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

Investments that trade in markets that are not considered to be active and are priced by the market maker based on unobservable inputs are classified within level 3.

The Fund did not invest in any level 2 or level 3 investments during the year ended 31 July 2025 and 2024.

There were no transfers between levels during the year ended 31 July 2025 and 2024.

NOTES TO THE FINANCIAL STATEMENTS

4. Financial risk management (Continued)

4.6 Fair value estimation (Continued)

The assets and liabilities included in the Statement of Net Assets, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost; their carrying values are a reasonable approximation of fair value. There are no other assets or liabilities not at fair value but for which fair value is disclosed.

4.7 Capital risk management

The Fund's capital is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a weekly basis, as the Fund is subject to weekly subscriptions and redemptions at the discretion of unitholders, as well as changes resulting from the Fund's performance. The Fund strives to invest the subscriptions in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of weekly subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Fund.

The Trustee and Manager monitor capital on the basis of the value of net assets attributable to unitholders.

5. Financial instruments by category

Financial assets

Apart from investments which are classified as financial assets at fair value through profit or loss, all other financial assets as disclosed in the statement of net assets, including other receivables, amount due from Manager, and cash and cash equivalents, are categorised as "financial assets measured at amortised cost".

Financial liabilities

All financial liabilities as disclosed in the statement of net assets, including management fee payable, trustee fee payable, redemption payable and accrued expenses and other payables, are categorised as "financial liabilities measured at amortised cost".

6. Net gains/ (losses) on financial assets at fair value through profit or loss

	2025 USD	2024 USD
Net realised loss on sale of investments	(410,629)	(43,719)
Net change in unrealised gains/ losses on investments	2,208,637	(957,680)
	<u>1,798,008</u>	<u>(1,001,399)</u>

NOTES TO THE FINANCIAL STATEMENTS

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

Class A units are available for sale to the retail public. As at 31 July 2025 and 2024, the Fund had Class A units in issue.

The net assets attributable to unitholders per unit is calculated by dividing the net assets attributable to unitholders by the number of units in issue at the year end. The movement of the number of units in issue during the year and the net assets attributable to unitholders per unit as at year end are as follows:

	2025 Class A Units	2024 Class A Units
Number of units in issue at the beginning of year	6,642,064.1929	6,673,678.6342
Units issued	230,061.2367	149,120.2138
Units redeemed	(537,936.4387)	(180,734.6551)
Number of units in issue at the end of year	6,334,188.9909	6,642,064.1929

	2025 Class A Units USD	2024 Class A Units USD
Net assets attributable to unitholders	6,836,121	5,293,495

The following table details the net asset value per unit at 31 July 2025 and 2024:

	2025 Unit price per statement of net assets USD	2024 Unit price per statement of net assets USD
Class A		
Net assets value to unitholders per unit	1.0792	0.7970

8. Transactions with the Trustee, the Manager and their related parties/ connected persons

The following is a summary of significant related party transactions or transactions entered into for the year ended 31 July 2025 and 2024 between the Fund and the Trustee/ Custodian, the Manager, Directors of the scheme and their connected persons. Connected persons are those as defined in the SFC Code. All transactions entered into for the year ended 31 July 2025 and 2024 between the Fund and the Trustee, the Manager and their connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Fund did not have any other transactions with connected persons except for those disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

8. Transactions with the Trustee, the Manager and their related parties/ connected persons (Continued)

8.1 Management fee

The Manager is entitled to receive a management fee of 1.5% per annum of the net asset value of the Fund. The fee calculated and accrued on each valuation day and payable monthly in arrears.

Management fee charged for the year ended 31 July 2025 was USD91,551 (2024: USD80,503) of which USD9,455 (2024: USD7,187) was payable to the Manager as at 31 July 2025.

8.2 Performance fee

The Manager is entitled to receive a performance fee of 10% per annum of the net asset value per unit of the Fund in the excess of the higher of (i) the initial offer price of the units and (ii) the highest value for the net asset value per unit as at 31 July for any preceding year in which a performance fee was last calculated and paid (after payment of the performance fee).

The performance fee is calculated and accrued on each valuation day throughout a performance period and payable annually in arrears.

Performance fee charged for the year ended 31 July 2025 was Nil (2024: Nil) of which Nil (2024: Nil) was payable to the Manager as at 31 July 2025.

8.3 Trustee fee

The Trustee is entitled to receive a trustee fee of up to 0.15% per annum of the net asset value of the Fund. The trustee fee is subject to a minimum monthly fee of USD2,500 (equivalent to HKD20,000) for the first 12 months of the launch of the Fund and USD5,000 (equivalent to HKD40,000) thereafter. Currently, the Trustee is entitled to receive a fee of 0.15% per annum, subject to a minimum monthly fee of USD5,000 for January 2019 to July 2024 and USD2,500 for January 2018 to December 2018. The fee is calculated and accrued on each dealing day and payable monthly in arrears.

Trustee fee charged for the year ended 31 July 2025 was USD60,000 (2024: USD60,000) of which USD5,500 (2024: USD5,333) was payable to the Trustee as at 31 July 2025.

8.4 Registrar fee

The Trustee is entitled to receive a registrar fee of USD25 per subscription, redemption and transfer transaction.

The registrar fee charged for the year ended 31 July 2025 was USD1,375 (2024: USD1,075) of which USD100 (2024: USD50) was payable to the Trustee as of 31 July 2025.

8.5 FATCA services fee

The Trustee is entitled to receive a FATCA setup and maintenance fee of USD650 per half-year.

The FATCA setup and maintenance fee charged for the year ended 31 July 2025 was USD1,298 (2024: USD1,302) of which USD1,405 (2024: USD757) was payable to the Trustee as of 31 July 2025.

NOTES TO THE FINANCIAL STATEMENTS

8. Transactions with the Trustee, the Manager and their related parties/ connected persons (Continued)

8.6 Custodian fee, bank balances and investment balances

The Custodian, an affiliate of the Trustee, is entitled to receive transaction charges at customary market rates and custody fees at different rates. Such charges and fees will be calculated monthly and payable monthly in arrears. The Custodian will be paid a custodian fee of up to 0.0275% per annum of the net asset value of the Fund. Custodian fee charged for the year ended 31 July 2025 was USD2,397 (2024: USD1,670). All of the custodian fee was fully settled as of 31 July 2025.

Bank balances at the year end amounted to USD365,860 (2024: USD311,135) held with Bank of China (Hong Kong) Limited. In addition, the Fund's investments are held at Bank of China (Hong Kong) Limited as custodian of the Fund.

Interest income earned from bank balance and the bank charge for the year ended 31 July 2025 was USD210 (2024: USD591) and USD291 (2024: USD306) respectively.

8.7 Transaction fee

Investment transactions effected through the affiliate of the Trustee are set out below:

Name of company	Aggregate value of purchases and sales of investments USD	Commission paid USD	% of the total aggregate value of purchases and sales of investments in the year	Average commission Rate %
2025				
BOCI Securities Limited	537,233	806	28.57	0.15
2024				
BOCI Securities Limited	389,507	585	72.19	0.15

8.8 Transaction handling fee

During the year, transaction handling fee, excluding commission, on investment transactions of USD225 (2024: USD90) was charged by the Trustee, of which USD Nil (2024: USD75) was payable to the Trustee as of 31 July 2025.

8.9 Other income received from the Manager

During the year, reimbursement income of USD4,585 (2024: USD9,797) was received from the Manager.

8.10 Investments in related parties

During the year ended 31 July 2025 and 2024, the Fund did not hold any investments in related parties.

NOTES TO THE FINANCIAL STATEMENTS

8. Transactions with the Trustee, the Manager and their related parties/ connected persons (Continued)

8.11 Manager's and its related parties' holding in the Fund

The Manager and its related parties held 156,146.9625 (2024: 156,146.9625) Class A units of the Fund which is 2.47% (2024: 2.35%) of the number of units in issue as at 31 July 2025.

The Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Fund. The holdings in the Fund by the Manager and its connected persons as at 31 July 2025 and 2024 were as follows:

2025

Class A Units:

	Units outstanding at 31 July 2024	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 July 2025
Employee A	13,515.7945	-	-	13,515.7945
Employee B	27,612.5780	-	-	27,612.5780
Employee C	10,000.0000	-	-	10,000.0000
Employee D	100,016.5900	-	-	100,016.5900
Employee E	5,002.0000	-	-	5,002.0000
	<u>156,146.9625</u>	<u>-</u>	<u>-</u>	<u>156,146.9625</u>

2024

Class A Units:

	Units outstanding at 31 July 2023	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 July 2024
Employee A	13,515.7945	-	-	13,515.7945
Employee B	27,612.5780	-	-	27,612.5780
Employee C	10,000.0000	-	-	10,000.0000
Employee D	100,016.5900	-	-	100,016.5900
Employee E	5,002.0000	-	-	5,002.0000
	<u>156,146.9625</u>	<u>-</u>	<u>-</u>	<u>156,146.9625</u>

9 Taxation

Hong Kong profits tax

No provision for Hong Kong profits tax has been made for the Fund as it 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(1A) of the Hong Kong Inland Revenue Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

9 Taxation (Continued)

PRC tax

The Fund invests in shares of companies in People's Republic of China listed on the Hong Kong Stock Exchange ("H-shares"). Under the PRC Corporate Income Tax Law, the Fund may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Manager believes that the Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.

The Fund invests in China A-shares and China B-Shares which are listed on the Stock Exchanges of Shanghai and Shenzhen. The Fund invests in A-Shares and B-Shares listed in the PRC and is subjected to 10% withholding tax on dividend income derived from A-Shares and B-Shares. Withholding tax was charged on dividend income received from A-Shares and B-Shares in the statement of comprehensive income during the year ended 31 July 2025 and 2024.

10. Distribution

No distribution was made during the year (2024: Nil).

11. 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 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.

12. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 30 October 2025.

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 JULY 2025

	Holdings	Market Value USD	% of net assets
LISTED EQUITIES			
CHINA			
Angel Yeast Co Limited – A Shares	55,000	261,810	3.83
Espressif Systems Shanghai Co Ltd – A Shares	40,600	912,145	13.34
Guangdong Provincial Expressway Development Co Limited – B Shares	872,600	963,762	14.10
Han's Laser Technology Industry Group Co Limited – A Shares	120,000	448,889	6.57
Jiangsu Yanghe Brewery Joint-Stock Co Limited – A Shares	32,000	299,415	4.38
Shanghai International Airport Co Limited – A Shares	30,000	133,901	1.96
Wuxi Apptec Co Ltd-A Shares	34,000	453,990	6.64
HONG KONG			
AIA Group Limited	31,000	289,863	4.24
Alibaba Group Holding Limited	48,000	707,473	10.35
Concord New Energy Group Limited	10,590,000	559,860	8.19
Pico Far East Holdings Limited	1,300,000	423,954	6.20
Ping An Insurance Group Co of China Limited – H Shares	83,000	570,433	8.34
Xiaomi Corp -Class B Shares	62,000	419,788	6.14
Total listed investments		6,445,283	94.28
Other net assets		390,838	5.72
Total net assets as at 31 July 2025		6,836,121	100.00
Total investments, at cost		6,030,679	

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

FOR THE YEAR ENDED 31 JULY 2025

	31 July 2024	Additions	Bonus/ Dividends	Disposals	31 July 2025
AIA Group Limited	31,000	-	-	-	31,000
Alibaba Group Holding Limited	48,000	-	-	-	48,000
Angel Yeast Co Limited – A Shares	55,000	-	-	-	55,000
China Sunsine Chemical Holdings Ltd	1,348,800	-	-	(1,348,800)	-
Concord New Energy Group Limited	10,590,000	-	-	-	10,590,000
Espressif Systems Shanghai Co Ltd – A Shares	10,000	19,000	11,600	-	40,600
Guangdong Provincial Expressway Development Co Limited – B Shares	1,000,000	-	-	(127,400)	872,600
Han's Laser Technology Industry Group Co Limited – A Shares	120,000	-	-	-	120,000
Jiangsu Yanghe Brewery Joint-Stock Co Limited – A Shares	32,000	-	-	-	32,000
Pico Far East Holdings Limited	1,300,000	-	-	-	1,300,000
Ping An Insurance Group Co of China Limited – H Shares	83,000	-	-	-	83,000
Shanghai Intl Airport Co Ltd – A Shares	60,000	-	-	(30,000)	30,000
Wuxi Apptec Co Ltd-A Shares	-	34,000	-	-	34,000
Xiaomi Corp -Class B Shares	-	62,000	-	-	62,000
XPeng Inc.	38,000	-	-	(38,000)	-

PERFORMANCE TABLE (UNAUDITED)

FOR THE YEAR ENDED 31 JULY 2025

Net asset value

(Calculated in accordance with Fund's Explanatory Memorandum)

At the end of reporting year/ period date	Class A	
	Net asset value	Net asset value per unit
	USD	USD
25 July 2025@	6,853,828	1.0836@@
26 July 2024#	5,265,055	0.7876##
28 July 2023*	6,168,003	0.9242**

Highest and lowest net asset value per unit

(Calculated in accordance with Fund's Explanatory Memorandum)

Reporting year	Class A	
	Highest issue price per unit	Lowest redemption price per unit
	USD	USD
31 July 2025	1.0836	0.7667
31 July 2024	0.9069	0.7495
31 July 2023	1.0160	0.7520
31 July 2022	1.2312	0.9295
31 July 2021	1.2019	0.9180
31 July 2020	0.9649	0.7843
31 July 2019	0.9204	0.7838
31 July 2018	1.0273	0.9225

@ This is the last dealing day for the year ended 31 July 2025.

@@ This is the last published net asset value per unit for the year ended 31 July 2025.

This is the last dealing day for the year ended 31 July 2024.

This is the last published net asset value per unit for the year ended 31 July 2024.

* This is the last dealing day for the year ended 31 July 2023.

** This is the last published net asset value per unit for the year ended 31 July 2023.



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