

ANNUAL REPORT

CHINA UNIVERSAL INTERNATIONAL SERIES –
CUAM CHINA-HONG KONG STRATEGY FUND
(A sub-fund of China Universal International Series, an
umbrella unit trust established under the laws of Hong Kong)

31 December 2023

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
(A sub-fund of China Universal International Series)

ADMINISTRATION AND MANAGEMENT

MANAGER

China Universal Asset Management (Hong Kong) Company
Limited
3710-11, Two International Finance Centre
8 Finance Street
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

DIRECTORS OF THE MANAGER

LI Wen
ZHANG Hui
DONG Liqing

AUDITOR

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

SOLICITORS TO THE MANAGER

Deacons
5/F, Alexandra House
18 Chater Road
Central
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CUSTODIAN

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

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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REPORT OF THE MANAGER TO THE UNITHOLDERS

Fund Performance¹

For the year ended 31 December 2023, the Class I HKD units of CUAM China-Hong Kong Strategy Fund (the "Sub-Fund") had an accumulated loss of 17.60%. The Class A HKD units had an accumulated loss of 18.01%. The Class I USD units had an accumulated loss of 17.74%. The Class A USD units had an accumulated loss of 18.15%. The Class A RMB units had an accumulated loss of 15.79%.

Since the inception on 16 November 2012, Class I HKD units of the Sub-Fund achieved an accumulative return of 175.86%. The Class A HKD units had an accumulated gain of 63.41% since its inception date on 17 April 2015. The Class I USD units had an accumulated gain of 20.10% since its inception date on 31 December 2019. The Class A USD units had an accumulated gain of 64.60% since its inception date on 18 May 2017. The Class A RMB units had an accumulated gain of 28.98% since its re-issuance date on 7 May 2019.

Market Review

MSCI China Index went down by 13.2%, while Hang Seng Index and Hang Seng China Enterprises Index went down by 13.8% and 14.0% respectively in 2023².

The Hong Kong stock market experienced a strong rally in January 2023 thanks to the strong re-opening expectation and the affluent fund inflows for long China story. However, the economic recovery momentum gradually weakened with the continuous drag from the property industry to pose various impacts on local government revenue and a trend of consumption downgrade. The geopolitical tensions and the high interest rate also triggered the fund outflows.

The market generally priced in a slower growth scenario and rising competition under the concerns about the population growth, income growth and consumption confidence. The Price Earnings Ratio (P/E) de-rating was obvious across the market especially growth stocks like healthcare, technology, media, and telecommunications (TMT) and consumption with relatively high P/E.

Thus, the Hong Kong market continued to favour defensive names; valued stocks with high dividend yield and large State Owned Enterprise (SOE) background continued the outperformance like year 2022 while growth sectors including technology and healthcare were de-rated.

Market Outlook

Looking into year 2024, we are cautiously optimistic on Hong Kong stock market. After 4 years of consecutive decline in Hang Seng Index², the market valuation has reached a trough level of about 8x P/E similar as October 2008. We regard such valuation attractive.

China consumption industry is anticipated to keep single-digit growth while some sub-sectors is anticipated to achieve low double-digit revenue growth. The drastic supportive measures on China property sector is also anticipated to help to mitigate the risk of hard-landing. Additionally, we expect a weakening USD and the start of federal funds rate cut would also be a favourable factor to Hong Kong equity market.

¹ Investment involves risks. The unit price of the Sub-Fund may go down as well as up and the past performance of the Sub-Fund does not indicate future return.

² Indices are for reference only, not for benchmark.

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REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

Market Outlook (continued)

We expect the long-term investment opportunities will continue in technology, new energy and selected consumption sub-sectors, while we prefer companies which could maintain competitive advantages and sound outlook in next 3-5 years.

For and on behalf of
China Universal Asset Management (Hong Kong) Company Limited, the Manager

26 April 2024

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, China Universal Asset Management (Hong Kong) Company Limited, has, in all material respects, managed China Universal International Series – CUAM China-Hong Kong Strategy Fund for the year ended 31 December 2023 in accordance with the provisions of the trust deed dated 29 December 2011 as amended and supplemented from time to time (the "Trust Deed").

On behalf of
BOCI-Prudential Trustee Limited, the Trustee

26 April 2024

Independent auditor's report

To the unitholder of

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
(A sub-fund of China Universal International Series, an umbrella unit trust established under the laws of Hong Kong)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of China Universal International Series – CUAM China-Hong Kong Strategy Fund (a sub-fund of China Universal International Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 8 to 39, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 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 Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Manager and the Trustee of the Sub-Fund are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report (continued)

To the unitholder of

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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Responsibilities of the Manager and the Trustee for the financial statements

The Manager and the Trustee of the Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with 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 of the Sub-Fund are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 29 December 2011, as amended by supplemental deeds (collectively, the "Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, 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 Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with HKSAAs, 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.

Independent auditor's report (continued)

To the unitholder of

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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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 disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

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

Certified Public Accountants
Hong Kong
26 April 2024

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 HK\$	2022 HK\$
INCOME			
Dividend income		12,426,068	25,434,319
Interest income	4	34,209	19,522
Foreign exchange differences		(114,857)	(1,503,270)
Net losses on financial assets at fair value through profit or loss	8	<u>(210,837,998)</u>	<u>(178,492,516)</u>
		<u>(198,492,578)</u>	<u>(154,541,945)</u>
EXPENSES			
Management fee	4	(12,575,409)	(15,045,118)
Trustee fee	4	(1,591,302)	(1,921,621)
Custodian fee	4	(301,846)	(279,314)
Bank charges	4	(3,780)	(3,780)
Broker commission and investment transaction fee	6	(3,192,669)	(11,640,095)
Legal and other professional fees		(75,792)	-
Other expenses		<u>(30,998)</u>	<u>(30,871)</u>
		<u>(17,771,796)</u>	<u>(28,920,799)</u>
LOSS BEFORE TAX		<u>(216,264,374)</u>	<u>(183,462,744)</u>
Income tax	5	<u>(371,804)</u>	<u>(1,398,959)</u>
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>(216,636,178)</u></u>	<u><u>(184,861,703)</u></u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
(A sub-fund of China Universal International Series)

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 HK\$	2022 HK\$
ASSETS			
Financial assets at fair value through profit or loss	8	908,376,732	1,195,533,923
Prepayment		6,000	6,375
Dividend receivables		1,102,178	462
Due from the Manager	4	-	1,700
Amount due from broker	9	9,051,547	12,598,479
Subscription proceeds receivable		652,679	4,508,059
Cash and bank balances	10	<u>16,829,645</u>	<u>16,934,572</u>
TOTAL ASSETS		<u><u>936,018,781</u></u>	<u><u>1,229,583,570</u></u>
LIABILITIES			
Management fee payable	4	890,401	1,189,317
Trustee fee payable	4	114,693	148,711
Amount due to broker	9	9,553,606	5,296,527
Other payables and accruals		2,500	6,676
Redemption proceeds payable		<u>3,025,777</u>	<u>16,530,235</u>
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>13,586,977</u></u>	<u><u>23,171,466</u></u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	11	<u><u>922,431,804</u></u>	<u><u>1,206,412,104</u></u>
TOTAL LIABILITIES AND EQUITY		<u><u>936,018,781</u></u>	<u><u>1,229,583,570</u></u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2023

	Note	Number of units	HK\$
At 1 January 2022	11	82,847,718.872	1,802,397,081
Subscription of units			
- Class A (HKD) units		8,165,117.450	159,110,781
- Class A (USD) units		4,601,459.561	74,348,038
- Class A (RMB) units		12,467.718	239,455
- Class I (USD) units		296,259.479	3,614,201
		<u>13,075,304.208</u>	<u>237,312,475</u>
Redemption of units			
- Class A (HKD) units		(9,006,417.946)	(178,769,122)
- Class I (HKD) units		(10,955,299.580)	(359,479,383)
- Class A (USD) units		(5,848,786.734)	(90,629,922)
- Class A (RMB) units		(181,155.785)	(3,027,322)
- Class I (USD) units		(1,612,597.041)	(16,530,000)
		<u>(27,604,257.086)</u>	<u>(648,435,749)</u>
Decrease in net assets attributable to unitholders during the year		<u>-</u>	<u>(184,861,703)</u>
At 31 December 2022 and 1 January 2023	11	68,318,765.994	1,206,412,104
Subscription of units			
- Class A (HKD) units		6,205,817.932	119,600,065
- Class I (HKD) units		1,137,661.357	39,410,000
- Class A (USD) units		2,903,463.692	46,045,344
- Class A (RMB) units		170,023.715	3,213,131
		<u>10,416,966.696</u>	<u>208,268,540</u>
Redemption of units			
- Class A (HKD) units		(8,429,075.359)	(160,551,463)
- Class I (HKD) units		(976,486.431)	(29,395,975)
- Class A (USD) units		(5,539,631.636)	(81,013,990)
- Class A (RMB) units		(27,980.854)	(496,613)
- Class I (USD) units		(423,853.288)	(4,154,621)
		<u>(15,397,027.568)</u>	<u>(275,612,662)</u>
Decrease in net assets attributable to unitholders during the year		<u>-</u>	<u>(216,636,178)</u>
At 31 December 2023	11	<u>63,338,705.122</u>	<u>922,431,804</u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
(A sub-fund of China Universal International Series)

STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 HK\$	2022 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(216,264,374)	(183,462,744)
Adjustments for:			
Interest income on bank deposits		(34,209)	(19,522)
Dividend income		<u>(12,426,068)</u>	<u>(25,434,319)</u>
		(228,724,651)	(208,916,585)
Decrease in financial assets at fair value through profit or loss		287,157,191	488,091,389
Decrease/(increase) in amount due from broker		3,546,932	(12,598,479)
Decrease in prepayment		375	-
Decrease in amount due from the Manager		1,700	17,820
Decrease in management fee payable		(298,916)	(452,321)
Decrease in trustee fee payables		(34,018)	(69,500)
Increase in amount due to a broker		4,257,079	5,296,527
Decrease in other payables and accruals		<u>(4,176)</u>	<u>(7,049)</u>
Cash generated from operations		65,901,516	271,361,802
Interest received		34,209	19,522
Dividend received, net of tax		<u>10,952,548</u>	<u>24,035,227</u>
Net cash flows from operating activities		<u>76,888,273</u>	<u>295,416,551</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		212,123,920	233,332,162
Payments on redemption of units		<u>(289,117,120)</u>	<u>(634,120,051)</u>
Net cash flows used in financing activities		<u>(76,993,200)</u>	<u>(400,787,889)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(104,927)	(105,371,338)
Cash and cash equivalents at beginning of year		<u>16,934,572</u>	<u>122,305,910</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>16,829,645</u></u>	<u><u>16,934,572</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	10	<u><u>16,829,645</u></u>	<u><u>16,934,572</u></u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. THE SUB-FUND

China Universal International Series (the "Trust") was constituted as an open-ended unit trust established under the laws of Hong Kong pursuant to the trust deed dated 29 December 2011 as amended and supplemented from time to time (the "Trust Deed"). As at 31 December 2023, the Trust consists of five sub-funds namely CUAM RMB Bondplus Fund, CUAM China-Hong Kong Strategy Fund, CUAM Hong Kong Dollar Bond Fund, CUAM Select US Dollar Bond Fund and CUAM USD Money Market Fund.

CUAM China-Hong Kong Strategy Fund (the "Sub-Fund") was commenced as a separate sub-fund of the Trust on 16 November 2012. The Sub-Fund is an open-ended unit trust authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under Section 104(1) of the Securities and Futures Ordinance (the "SFO") and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the "SFC Code"). Authorisation by the SFC does not imply official approval or recommendation.

The Manager of the Sub-Fund is China Universal Asset Management (Hong Kong) Company Limited (the "Manager") and the Trustee is BOCI-Prudential Trustee Limited (the "Trustee"). The Custodian is Bank of China (Hong Kong) Limited (the "Custodian").

Two classes of units, namely Class A units and Class I units, are available for subscription for the Sub-Fund. Class A units and Class I units are subject to different management fee. For the year ended 31 December 2023, Class A units and Class I units were in issue.

The investment objective of the Sub-Fund is to achieve medium to long-term capital growth through investing primarily in securities of companies which are established in the People's Republic of China ("PRC"), Hong Kong, Macau and Taiwan ("Greater China") or having their income, revenue, assets, economic activities, business or operations associated with Greater China.

At least 70% of the Sub-Fund's net asset value will be invested in a portfolio of (a) equity securities (including but not limited to ordinary shares, preferred shares, American Depositary Receipts, Global Depositary Receipts) of companies which are established in mainland China or Hong Kong or having their income, revenue, assets, economic activities, business or operations associated with mainland China and/or Hong Kong ("China-Hong Kong Companies"); and (b) debt securities instruments (including but not limited to long-term bonds, medium-term notes, bills and convertible bonds) issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China or Hong Kong.

The Sub-Fund may invest:

- Up to 100% of the Sub-Fund's net asset value in equity securities of China-Hong Kong Companies;
- Not more than 30% of the Sub-Fund's net asset value in debt securities instruments issued by China-Hong Kong Companies and governments, government agencies and supra-national issuers in mainland China or Hong Kong.

In addition, the Sub-Fund may invest on an ancillary basis less than 30% of its net asset value in (1) equity securities of non-China-Hong Kong Companies, (2) debt securities instruments issued by non-China-Hong Kong Companies, and governments, government agencies and supra-national issuers outside-mainland China or Hong Kong, and (3) collective investment schemes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E to the SFC Code.

The financial statements have been prepared under the historical cost basis, except for financial assets classified at fair value through profit or loss ("FVPL") that have been measured at fair value. The financial statements are presented in Hong Kong Dollar ("HK\$") and all values are rounded to the nearest HK\$ except where otherwise indicated.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKAS 1 and HKFRS Practice Statement 2 *Disclosure of Accounting Policies*

Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Sub-Fund has disclosed the material accounting policy information in note 2.4 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any item in the Sub-Fund's financial statements.

Amendments to HKAS 8 *Definition of Accounting Estimates*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Sub-Fund's approach and policy align with the amendments, the amendments had no impact on the Sub-Fund's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

There are no issued but not yet effective HKFRSs, up to date of issuance of the Sub-Fund's financial statements which, in the opinion of the Manager will clearly impact the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES

Financial instruments

(i) **Classification**

In accordance with HKFRS 9, the Sub-Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) **Classification** (continued)

Financial assets (continued)

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order 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 on the principal amount outstanding. The Sub-Fund includes in this short-term non-financing receivables including dividend receivables, due from the Manager, amount due from broker, subscription proceeds receivable and cash and bank balances.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category:

- Instruments held for trading. This category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading. The Sub-Fund includes in this category includes its net assets attributable to unitholders and the Sub-Fund's accounting policy regarding the net assets attributable to unitholders is described in further part.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) **Classification** (continued)

Financial liabilities (continued)

Financial liabilities measured at amortised cost

This category includes all financial liabilities. The Sub-Fund includes in this category management fee payable, trustee fee payable, amount due to broker, other payables and accruals and redemption proceeds payable.

(ii) **Recognition**

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

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the financial asset.

(iii) **Initial measurement**

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

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

(iv) **Subsequent measurement**

After initial measurement, the Sub-Fund measures financial instruments which are classified as fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in "Net gains or losses on financial assets at fair value through profit or loss". Dividend revenue elements of such instruments are recorded separately in "Dividend income".

Debt instruments, other than those classified as at FVPL, are measured at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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

Financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) **Derecognition**

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

- The rights to receive cash flows from the asset have expired; or
- The Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement; and either (a) the Sub-Fund has transferred substantially all the risks and rewards of the asset, or (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained.

The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled, or expired.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Sub-Fund measures financial instruments, such as, equities investments at fair value at each reporting date.

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability the principal or the most advantageous market must be accessible by the Sub-Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs. Securities defined in these accounts as ‘listed’ are traded in an active market.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Based on quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

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

Foreign currency

These financial statements are presented in HK\$, which is the Sub-Fund's functional and presentation currency. Foreign currency transactions recorded by the Sub-Fund are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the reporting date. Differences arising on settlement or transaction of monetary items are recognised in profit or loss.

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

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss as part of the 'net (losses)/gains on financial assets at fair value through profit or loss'.

Functional currency

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

Net assets attributable to unitholders

The Sub-Fund issues redeemable units, namely Class A units and Class I units, which are redeemable at the unitholder's option and are classified as financial liabilities as they do not meet the conditions to be classified as equity.

The unitholders can redeem the units during the Hong Kong business days of each calendar month or such other day or days determined by the Manager and Trustee may agree from time to time for cash equal to a proportionate share of the Sub-Fund's net assets attributable to unitholders of the relevant classes.

Redeemable units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net assets attributable to unitholders per unit at the time of issue or redemption. The Sub-Fund's net assets attributable to unitholders per unit is calculated by dividing the net assets attributable to unitholders by the number of units in issue.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Cash and bank balances

For the purpose of the statement of financial position, cash and bank balances comprise cash on hand, demand deposits, and short-term deposits in bank, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and bank balances consist of cash and cash balances as defined above, net of outstanding bank overdrafts when appropriate.

Interest income

Interest income is recognised in profit or loss for all interest-bearing financial instruments as it accrues, using the effective interest method.

Dividend income

Dividend income is recognised when the Sub-Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss.

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

This item includes changes in the fair value of financial assets as "at fair value through profit or loss" and excludes interest and dividend income.

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Fund;
 - (ii) has significant influence over the Sub-Fund; or
 - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;
- or

NOTES TO THE FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties (continued)

- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the Sub-Fund are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

Taxes

The Sub-Fund is exempt from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund's unitholders is included in profit or loss as the "finance costs". A proposed distribution is recognised as a liability in the year in which it is approved by the Manager of the Sub-Fund. The Manager does not intend to make any distribution of income in respect of the Sub-Fund.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

In the process of applying the Sub-Fund's accounting policies, management has not made any significant judgements which have the significant effect on the amounts recognised in the financial statements.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

No significant estimation uncertainty that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year exists at the end of the reporting period.

4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund and the Manager and their connected persons. Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund, 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 Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for those disclosed below:

Holdings of the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund.

The holdings of Class I (HKD) units of the Sub-Fund by the Manager as at 31 December 2023 and 2022 were as follows:

During the year ended 31 December 2023, the Manager had a subscription of HK\$10,910,000 of Class I (HKD).

At 31 December 2023

	Units outstanding at 31 December 2022	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2023
CUAM China-Hong Kong Strategy Fund – Class I (HKD)	-	312,614.072	-	312,614.072

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4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS (continued)

Holdings of the Sub-Fund (continued)

During the year ended 31 December 2022, the Manager had a redemption of HK\$348,415,915 in Class I (HKD).

At 31 December 2022

	Units outstanding at 31 December 2021	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2022
CUAM China-Hong Kong Strategy Fund – Class I (HKD)	<u>10,640,270.728</u>	<u>-</u>	<u>(10,640,270.728)</u>	<u>-</u>

Brokerage commission

Bank of China (Hong Kong) Limited and BOCI Securities Limited, affiliates of the Trustee, rendered brokerage services for the Sub-Fund's purchases and sales of securities. During the year ended 31 December 2023, there was no purchases and sales of securities traded through Bank of China (Hong Kong) Limited, the transaction details through BOCI Securities Limited were as follows:

2023

	Aggregate value of purchases and sales of securities HK\$	Total commission paid HK\$	% of Sub-Fund's total transactions during the year %	Average commission rate %
BOCI Securities Limited	<u>31,557,315</u>	<u>31,557</u>	<u>2.10%</u>	<u>0.10%</u>

2022

	Aggregate value of purchases and sales of securities HK\$	Total commission paid HK\$	% of Sub-Fund's total transactions during the year %	Average commission rate %
BOCI Securities Limited	<u>82,548,653</u>	<u>82,549</u>	<u>1.45%</u>	<u>0.10%</u>

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31 December 2023

4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS (continued)

Brokerage commission (continued)

Orient Securities (Hong Kong) Limited, the subsidiary of Orient Securities Company Limited which is a substantial shareholder of the Manager, rendered brokerage services for the Sub-Fund's purchases and sales of securities. During the year ended 31 December 2023 and 2022, the transaction details through Orient Securities (Hong Kong) Limited were as follows:

2023

	Aggregate value of purchases and sales of securities HK\$	Total commission paid HK\$	% of Sub-Fund's total transactions during the year %	Average commission rate %
Orient Securities (Hong Kong) Limited	<u>65,141,773</u>	<u>52,113</u>	<u>4.33%</u>	<u>0.08%</u>

2022

	Aggregate value of purchases and sales of securities HK\$	Total commission paid HK\$	% of Sub-Fund's total transactions during the year %	Average commission rate %
Orient Securities (Hong Kong) Limited	<u>79,053,872</u>	<u>60,596</u>	<u>1.39%</u>	<u>0.08%</u>

Bank deposits and investments held by the Trustee's affiliates

The Sub-Fund's bank deposits and investments were held by the Trustee's affiliates, Bank of China (Hong Kong) Limited. Further details of the bank balances held are described in note 10 to the financial statements. As at 31 December 2023, interest income on these bank balances was HK\$34,209 (2022: HK\$19,522).

Management fee

The Manager is entitled to receive, on an annual basis, a management fee from the Sub-Fund, at a rate of 1.25% for Class A units and 0.75% for Class I units per annum (up to maximum of 3% per annum in total by giving not less than one month's prior notice to the unitholders) with respect to the net assets attributable to holders of redeemable units of each class of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears. For the year ended 31 December 2023, the management fee was HK\$12,575,409 (2022: HK\$15,045,118).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS (continued)

Trustee fee

The Trustee is entitled to receive, on an annual basis, a trustee fee from the Sub-Fund, at the current rate being up to 0.15% per annum (up to maximum of 0.5% per annum by giving not less than one month's prior notice to the unitholders) of the net assets attributable to holders of redeemable units of the Sub-Fund calculated, subject to a minimum monthly fee of HK\$35,000, and accrued on each dealing day and is paid monthly in arrears. For the year ended 31 December 2023, the trustee fee was HK\$1,591,302 (2022: HK\$1,921,621).

Bank charges with a connected person of the Trustee

For the year ended 31 December 2023, the bank charges paid to Bank of China (Hong Kong) Limited, an affiliate company of the Trustee of the Sub-Fund was HK\$900 (2022: HK\$900).

Custodian fee

The Custodian is entitled to receive, on an annual basis, custodian fees from the Sub-Fund, at a rate up to 0.1% per annum of the net assets attributable to unitholders of the Sub-Fund calculated and is paid monthly in arrears. For the year ended 31 December 2023, the custodian fee was HK\$301,846 (2022: HK\$279,314).

Certain charges, fees and expenses borne by the Manager

Pursuant to the latest explanatory memorandum of the Sub-Fund, certain charges, fees and expenses, including auditors' remuneration and legal and other professional fees, etc., which are attributable to the Sub-Fund are borne by the Manager at its discretion starting from 1 January 2014 until a future date as notified by the Manager. For the year ended 31 December 2023, the Manager bore and paid a total sum of HK\$73,715 (2022: HK\$517,082) for the Sub-Fund, of which certain fees such as transaction fee, scrip fee paid to the Custodian were HK\$2,820 (2022: HK\$152,756) and these were borne by the Manager.

As at 31 December 2022, the Sub-Fund has an amount due from the Manager of HK\$1,700 related to certain charges, fees and expenses borne by the Manager. The balance with the Manager is unsecured, interest-free and repayable on demand.

Investment handling fee

The Sub-Fund pays investment handling fee of HK\$100 per transaction to the Trustee. For the year ended 31 December 2023, the investment handling fee borne by the Manager was nil (2022: HK\$26,800).

NOTES TO THE FINANCIAL STATEMENTS

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5. INCOME TAX

Hong Kong

No provision for Hong Kong profits tax has been made for the Sub-Fund. The Sub-Fund is authorised by the SFC as a collective investment scheme pursuant to Section 104 of the SFO for offering to the retail public in Hong Kong. It is exempted from Hong Kong profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

PRC

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend/interest and capital gains) imposed on securities issued by PRC tax resident enterprises.

Withholding tax

A 10% PRC withholding tax is levied on dividend and interest derived by foreign investors from PRC companies which would have the obligation to withhold the tax on behalf of the foreign investors. As such, the issuers would have the obligation to withhold the tax on behalf of the Sub-Fund for the 10% withholding tax imposed on dividend and interest income. The withholding tax related to the dividend received/receivable from listed equity securities during the year ended 31 December 2023 was HK\$ 348,097 (2022: HK\$1,338,776).

6. BROKERAGE COMMISSION AND TRANSACTION FEE

Broker commission pertain to the broker commission for every transaction made through the broker at the average market rate of 0.08% (2022: 0.08%) based on the transaction value. Transaction fee pertain to fees such as trading fee and transaction levy for every transaction made on the stock exchange and stamp duty incurred for the transactions.

7. DISTRIBUTION

According to the distribution policy as stated in the explanatory memorandum of the Sub-Fund, the Manager does not intend to make any distribution of income in respect of the Sub-Fund.

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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 HK\$	2022 HK\$
Listed equity securities	<u>908,376,732</u>	<u>1,195,533,923</u>
Net losses recognised in relation to financial assets at fair value through profit or loss:		
Realised losses	(137,387,675)	(79,902,815)
Net change in unrealised gains or losses	<u>(73,450,323)</u>	<u>(98,589,701)</u>
Net losses	<u>(210,837,998)</u>	<u>(178,492,516)</u>

As at 31 December 2023 and 2022, all the listed equity securities were classified as financial assets at fair value through profit or loss as they were held for trading.

The fair value of financial assets traded in active markets is 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 Sub-Fund is the last traded price or closing market price.

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 following table shows an analysis of the Sub-Fund's financial assets measured at fair value at 31 December 2023 and 31 December 2022.

At 31 December 2023

	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	Total HK\$
<u>Financial assets at fair value through profit or loss:</u>				
Listed equity securities	<u>908,376,732</u>	-	-	<u>908,376,732</u>
	<u>908,376,732</u>	<u>-</u>	<u>-</u>	<u>908,376,732</u>

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8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

At 31 December 2022

	Quoted prices in active markets (Level 1) HK\$	Significant observable inputs (Level 2) HK\$	Significant unobservable inputs (Level 3) HK\$	Total HK\$
<u>Financial assets at fair value</u>				
<u>through profit or loss:</u>				
Listed equity securities	1,195,533,923	-	-	1,195,533,923
	<u>1,195,533,923</u>	<u>-</u>	<u>-</u>	<u>1,195,533,923</u>

There are no investments classified within Level 3 and no transfers of fair value measurements between Level 1 and Level 2 during the years ended 31 December 2023 and 31 December 2022.

Valuation techniques

Listed equity securities

When fair values of listed equity securities at the reporting date are based on quoted market prices or binding dealer price quotations, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy. The Sub-Fund values these investments at last traded prices or closing market prices.

9. AMOUNT DUE FROM/TO BROKER

	2023 HK\$	2022 HK\$
Amount due from broker		
- receivables for securities sold but not yet settled	<u>9,051,547</u>	<u>12,598,479</u>
Amount due to broker		
- payables for securities purchased but not yet settled	<u>9,553,606</u>	<u>5,296,527</u>

The carrying amounts of amounts due from and to broker are approximate to their fair value.

10. CASH AND BANK BALANCES

The cash at banks held with the Custodian of the Sub-Fund, was placed into accounts bearing floating interest.

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11. DETAILS ON UNITS

The following is the number of units in issue and net assets attributable to unitholders per unit of the Sub-Fund as at 31 December 2023 and 2022:

	Class A (HKD) units	Class A (RMB) units	Class A (USD) units	Class I (HKD) units	Class I (USD) units
Number of units in issue					
At 31 December 2023	24,077,761.086	1,822,538.102	25,804,794.040	3,290,151.650	8,343,460.244
At 31 December 2022	26,301,018.513	1,680,495.241	28,440,961.984	3,128,976.724	8,767,313.532
Net assets attributable to unitholders per unit	HK\$	RMB	US\$	HK\$	US\$
At 31 December 2023	16.340	14.186	1.646	27.585	1.201
At 31 December 2022	19.929	16.846	2.011	33.478	1.460

Unitholders of the Sub-Fund who wish to redeem their redeemable participating units may do so on any dealing day, i.e. every Hong Kong business day of the calendar year, by submitting a realisation request to the Manager or authorised distributors before the dealing deadline, i.e. 4:00 p.m. (Hong Kong time) on the relevant dealing day. Unless otherwise stated in the explanatory memorandum of the Sub-Fund, realisation requests received after the dealing deadline will be carried forward and dealt with on the next dealing day.

The Manager may suspend the redemption or conversions of redeemable participating units or delay the payment of redemption proceeds during any periods in which the determination of the net asset value of the Sub-Fund is suspended under certain conditions as set out in the explanatory memorandum of the Sub-Fund.

With a view to protecting the interests of unitholders, the Manager is entitled, after consultation with the Trustee, to limit the number of units of any Sub-Fund redeemed on any dealing day to 10% of the total number of units of the relevant Sub-Fund in issue. In this event, the limitation will apply pro rata so that all unitholders of the Sub-Fund who have validly requested to redeem units of the Sub-Fund on that dealing day will redeem the same proportion of such units of the Sub-Fund provided that any holdings so requested to be realised being in aggregate of not more than 1% of the total number of units of any Sub-Fund in issue may be realised in full if in the opinion of the Manager after consultation with the Trustee, the application of such limitation would be unduly onerous or unfair to the unitholder or unitholders concerned. Any units not realised (but which would otherwise have been realised) will be carried forward for realisation, subject to the same limitation, and will have priority on the next succeeding dealing day and all following dealing days (in relation to which the Manager has the same power) until the original request has been satisfied in full.

NOTES TO THE FINANCIAL STATEMENTS

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12. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risk management

Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Manager is responsible for identifying and controlling risks. In perspective of risk management, the Sub-Fund's objective is to create and protect value for unitholders.

The Sub-Fund is exposed to market risk (which includes equity price risk, interest rate risk and foreign exchange risk), credit and counterparty risk and liquidity risk arising from the financial instruments it holds.

Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Market movement may therefore result in substantial fluctuation in the net assets attributable to unitholders per unit of the Sub-Fund.

The maximum credit risk resulting from financial instruments approximate their carrying amounts.

The Sub-Fund assumes market risk in trading activities. The Sub-Fund distinguishes market risk as follows:

- Equity price risk
- Interest rate risk
- Foreign exchange risk

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

Risk management (continued)

Market risk (continued)

Equity 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, either caused by factors specific to the individual instrument or factors affecting all instruments in the market. The Sub-Fund is exposed to equity price risk as changes in prices of equity instruments of its investments will affect its net asset value. Equity price risk can be mitigated by constructing a diversified portfolio of investment across different issuers, different sectors or traded on different markets by the investment strategies of investment manager.

Management's estimation of the effect on changes in net assets attributable to unitholders for the period due to a reasonably possible change in in the applicable equity index, MSCI China Index¹, which is an internally predetermined reference for equity investment of the Sub-Fund, with all other variables held constant, is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

	Change in equity prices	Effect on net assets attributable to unitholders and on changes in net assets attributable to unitholders for the year HK\$/Unit
At 31 December 2023		
MSCI China Index ¹	±5%	±1.3582
At 31 December 2022		
MSCI China Index ¹	±5%	±1.6588

Interest rate risk

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

The Manager considers that the Sub-Fund is not subject to significant risk due to fluctuations in the prevailing level of market interest rate. As the Sub-Fund does not hold any interest bearing financial assets through profit or loss other than cash as at 31 December 2023, the Manager considers that changes in the fair value of the investment portfolio of the Sub-Fund in the event of a change in market interest rates will not be material. Therefore, no sensitivity analysis of the investment portfolio of the Sub-Fund is presented.

¹ The index is for reference only, not for benchmark

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

Risk management (continued)

Market risk (continued)

Foreign exchange risk

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

The table below summarises the Sub-Fund's assets and liabilities, which are exposed to foreign exchange risk except for the currency in United States dollars ("US\$") which HK\$ is pegged to the US\$, as at the end of the reporting period:

	2023	2022
	HK\$	HK\$
Renminbi	90,111,099	102,815,074
Euro	4,212	220,338

The table below presents the change in net asset value of the Sub-Fund due to a reasonably possible change by 5% in key exchange rates, with all other variables held constant. The Manager has used its view of what would be a reasonable possible shift in the exchange rates to estimate the change in this sensitivity analysis. However, this does not represent a prediction of the future movement in the markets. Changes below are shown in absolute terms, and the impacts could be positive or negative: Possible changes in interest rate are revised annually depending on the Manager's current view of market volatility and other relevant factors

	Possible reasonable shift +/-	2023 HK\$ +/-	2022 HK\$ +/-
Renminbi	5%	4,505,555	5,140,754
Euro	5%	211	11,017

Liquidity risk

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Sub-Fund's net asset value per unit at the time of redemption, calculated in accordance with the Sub-Fund's Trust Deed. It is the Sub-Fund's policy that the Manager monitors the Sub-Fund's liquidity position on a daily basis.

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

Risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of Sub-Fund's financial liabilities at the end of the reporting period based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Sub-Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Sub-Fund can be required to pay.

Financial assets

Analysis of equity securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

At 31 December 2023

	On demand HK\$	Less than 3 months HK\$	Others* HK\$	Total HK\$
<u>Financial assets</u>				
Financial assets at fair value				
through profit or loss	-	908,376,732	-	908,376,732
Dividend receivables	-	1,102,178	-	1,102,178
Amount due from broker	-	9,051,547	-	9,051,547
Subscription proceeds receivable	-	652,679	-	652,679
Cash and bank balances	16,829,645	-	-	16,829,645
	<u>16,829,645</u>	<u>919,183,136</u>	<u>-</u>	<u>936,012,781</u>
Total financial assets	<u>16,829,645</u>	<u>919,183,136</u>	<u>-</u>	<u>936,012,781</u>

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31 December 2023

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

Risk management (continued)

Liquidity risk (continued)

At 31 December 2023

	On demand HK\$	Less than 3 months HK\$	Others* HK\$	Total HK\$
<u>Financial liabilities</u>				
Management fee payable	-	890,401	-	890,401
Trustee fee payable	-	114,693	-	114,693
Amount due to broker	-	9,553,606	-	9,553,606
Other payables and accruals	-	2,500	-	2,500
Redemption proceeds payable	-	3,025,777	-	3,025,777
Net assets attributable to unitholders*	-	-	922,431,804	922,431,804
Total financial liabilities	-	13,586,977	922,431,804	936,018,781

* As detailed in the explanatory memorandum of the Sub-Fund, the redeemable participating units might be subject to redemption restrictions.

At 31 December 2022

Financial assets

<u>Financial assets at fair value</u>				
through profit or loss	-	1,195,533,923	-	1,195,533,923
Dividend receivables	-	462	-	462
Due from the Manager	-	1,700	-	1,700
Amount due from broker	-	12,598,479	-	12,598,479
Subscription proceeds receivable	-	4,508,059	-	4,508,059
Cash and bank balances	16,934,572	-	-	16,934,572
Total financial assets	16,934,572	1,212,642,623	-	1,229,577,195

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31 December 2023

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

Risk management (continued)

Liquidity risk (continued)

At 31 December 2022

	On demand HK\$	Less than 3 months HK\$	Others* HK\$	Total HK\$
<u>Financial liabilities</u>				
Management fee payable	-	1,189,317	-	1,189,317
Trustee fee payable	-	148,711	-	148,711
Amount due to broker	-	5,296,527	-	5,296,527
Other payables and accruals	-	6,676	-	6,676
Redemption proceeds payable	-	16,530,235	-	16,530,235
Net assets attributable to unitholders*	-	-	1,206,412,104	1,206,412,104
Total financial liabilities	-	23,171,466	1,206,412,104	1,229,583,570

* As detailed in the explanatory memorandum of the Sub-Fund, the redeemable participating units might be subject to redemption restrictions.

Credit and counterparty risk

The Sub-Fund is exposed to credit risk, which is the risk that the counterparty to a financial instrument will cause a financial loss for the Sub-Fund by failing to discharge an obligation.

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

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the custodian. The table below summarises the Sub-Fund's assets placed with banks and the custodian and their related credit ratings from Standard & Poor's ("S&P"):

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31 December 2023

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

Risk management (continued)

Credit and counterparty risk (continued)

At 31 December 2023

	HK\$	Credit rating	Source of credit rating
Bank			
Bank of China (Hong Kong) Limited	16,829,645	A+	S&P
Custodian			
Bank of China (Hong Kong) Limited	908,376,732	A+	S&P

At 31 December 2022

	HK\$	Credit rating	Source of credit rating
Bank			
Bank of China (Hong Kong) Limited	16,934,572	A+	S&P
Custodian			
Bank of China (Hong Kong) Limited	1,195,533,923	A+	S&P

The Sub-Fund's maximum exposure to credit risk at the end of the reporting period is the carrying amount of total assets as shown on the statement of financial position.

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

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to HKFRS 9's impairment disclosure or not.

Financial assets subject to expected credit loss

The Sub-Fund's financial assets subject to the expected credit loss model within HKFRS 9 are only dividend receivables, due from the Manager, amount due from broker, subscription proceeds receivables and cash and bank balances. As at 31 December 2023, the total of dividend receivables, amount due from broker, subscription proceeds receivables and cash and bank balances was HK\$27,636,049 (2022: HK\$34,043,272) on which no loss allowance had been provided. No amount (2022: Nil) was considered credit impaired at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

Risk management (continued)

Credit and counterparty risk (continued)

Financial assets subject to expected credit loss (continued)

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: dividend receivables, amount due from broker, subscription proceeds receivables and cash and bank balances. All the Sub-Fund's cash and bank balances are held in major financial institutions located in Hong Kong, which the Manager believes are of high credit quality. The Manager considers the Sub-Fund is not exposed to significant credit risk and no loss allowance (2022: Nil) has been made.

Maximum exposure and year-end staging as at 31 December 2023

The table below shows the credit quality and the maximum exposure to credit risk based on the Sub-Fund's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023.

	12-month expected <u>credit losses</u>		Lifetime expected <u>credit losses</u>		Simplified approach HK\$	Total HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$			
Financial assets						
Cash and bank balances						
- Not yet past due	16,829,645	-	-	-	-	16,829,645
Dividend receivables						
- Not yet past due	1,102,178	-	-	-	-	1,102,178
Amount due from broker						
- Not yet past due	9,051,547	-	-	-	-	9,051,547
Subscription proceeds receivable						
- Not yet past due	<u>652,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>652,679</u>
Total	<u>27,636,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,636,049</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

Risk management (continued)

Credit and counterparty risk (continued)

Financial assets subject to expected credit loss (continued)

Maximum exposure and year-end staging as at 31 December 2022

The table below shows the credit quality and the maximum exposure to credit risk based on the Sub-Fund's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2022.

	<u>12-month expected credit losses</u>	<u>Lifetime expected credit losses</u>			<u>Simplified approach</u>	<u>Total</u>
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	approach HK\$	HK\$	
Financial assets						
Cash and bank balances						
- Not yet past due	16,934,572	-	-	-	16,934,572	
Dividend receivables						
- Not yet past due	462	-	-	-	462	
Due from the Manager						
- Not yet past due	1,700	-	-	-	1,700	
Amount due from broker						
- Not yet past due	12,598,479	-	-	-	12,598,479	
Subscription proceeds receivable						
- Not yet past due	<u>4,508,059</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,508,059</u>	
Total	<u><u>34,043,272</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>34,043,272</u></u>	

Financial assets not subject to expected credit loss

The Sub-Fund is exposed to credit risk on equity securities. This class of financial assets are not subject to HKFRS 9's impairment requirements as these are measured at FVPL. The carrying value of these assets, under HKFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

Capital management

The Sub-Fund's objectives for managing capital are to invest the capital in investments in order to achieve its investment objective while maintaining sufficient liquidity to meet the expenses of the Sub-Fund, and to meet redemption requests as they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons may enter into soft commission arrangements with brokers under which certain goods and services used to support investment decision making will be received. The Manager and its connected persons will not make direct payment for these services but will transact an agreed amount of business with the brokers on behalf of the Sub-Fund and commission will be paid on these transactions.

The goods and services must be of demonstrable benefit to the Sub-Fund and may include research and advisory services, computer hardware associated with specialised software or research services and performance insurance.

During the year ended 31 December 2023, no commission rebates was received by the Manager (2022: Nil).

14. EVENTS AFTER THE REPORTING PERIOD

During the period from 1 January 2024 to 26 April 2024, the Sub-Fund has received a total subsequent subscription of US\$317,848, HK\$7,983,296, RMB9,823 and redemption of US\$4,199,135, HK\$42,893,477 and RMB1,574,065, respectively.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 26 April 2024.

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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UNAUDITED INVESTMENT PORTFOLIO

31 December 2023

<u>LISTED EQUITY SECURITIES</u>	Holdings	Fair Value HK\$	% of net assets
Mainland China			
Denominated in RMB			
KWEICHOW MOUTAI CO LTD-A	47,600	90,104,848	9.77
MIDEA GROUP CO LTD-A	93	5,572	0.00
Hong Kong			
Denominated in HK\$			
AIA GROUP LTD	850,000	57,842,500	6.27
ALIBABA GROUP HLDG LTD	1,021,900	77,255,640	8.38
BEIGENE LTD	85,000	9,358,500	1.01
BYD CO LTD-H	85,000	18,224,000	1.98
BYD ELECTRONIC (INTL) CO LTD	530,000	19,398,000	2.10
CHINA OVERSEAS PROPERTY HLDGS LTD	700,000	4,102,000	0.44
CHINA RESOURCES LAND LTD	300,000	8,400,000	0.91
CHINA RESOURCES MIXC LIFESTYLE SERVICES LTD	650,000	18,102,500	1.96
GALAXY ENTERTAINMENT GROUP LTD	800,000	35,000,000	3.79
HAIDILAO INTL HLDG LTD	1,000,000	14,540,000	1.58
HONG KONG EXCHANGES & CLEARING LTD	268,800	72,038,400	7.81
KINGDEE INTL SOFTWARE GROUP CO LTD	450,000	5,121,000	0.56
KUAISHOU TECHNOLOGY	600,000	31,770,000	3.44
LENOVO GROUP LTD	900,000	9,828,000	1.07
LI AUTO INC-CL A	130,000	19,123,000	2.07
MEITUAN-CLASS B	288,720	23,646,168	2.56
NETEASE INC	140,000	19,684,000	2.13
SANDS CHINA LTD	1,250,000	28,562,500	3.10
SINOPEC ENGINEERING (GROUP) CO LTD-H	100,000	400,000	0.04
SUPER HI INTERNATIONAL HOLDING LTD	700,000	7,280,000	0.79
TENCENT HLDGS LTD	285,200	83,734,720	9.08
TONG REN TANG TECHNOLOGIES CO LTD-H	100,000	655,000	0.07
WUXI APPTec CO LTD-H	220,000	17,479,000	1.90
WUXI BIOLOGICS CAYMAN INC	800,000	23,680,000	2.57
XIAOMI CORP-CLASS B SHARE	1,200,000	18,720,000	2.03
YUM CHINA HLDGS INC	78,000	25,911,600	2.81
ZHAOJIN MINING INDUSTRY CO LTD-H	1,000,000	9,710,000	1.05
ZIJIN MINING GROUP CO LTD-H	2,100,000	26,712,000	2.90

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UNAUDITED INVESTMENT PORTFOLIO (continued)

31 December 2023

<u>LISTED EQUITY SECURITIES</u> (continued)	Holdings	Fair Value HK\$	% of net assets
United States			
Denominated in US\$			
FUTU HLDGS LTD-SPONSORED ADR	80,000	34,133,984	3.70
PINDUODUO INC-SPONSORED ADR	77,000	87,989,435	9.54
TAL EDUCATION GROUP-ADR	100,000	9,864,365	1.07
TOTAL LISTED/QUOTED INVESTMENTS		<u>908,376,732</u>	<u>98.48</u>
TOTAL INVESTMENTS, AT COST		<u>984,067,646</u>	
<u>TOTAL NET ASSETS</u>			
Total investment		908,376,732	98.48
Other net assets		14,055,072	1.52
Total net assets		<u>922,431,804</u>	<u>100.00</u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM CHINA-HONG KONG STRATEGY FUND
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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

31 December 2023

	Movements				Holdings At 31 December 2023
	Holdings At 1 January 2023	Additions	Bonus/ Dividend	Disposals	
Listed equities					
Mainland China					
Denominated in RMB					
KWEICHOW MOUTAI CO LTD-A	52,079	-	-	(4,479)	47,600
LEPU MEDICAL TECHNOLOGY BEIJING CO LTD-A	-	785,000	-	(785,000)	-
MIDEA GROUP CO LTD-A	93	-	-	-	93
Hong Kong					
Denominated in HK\$					
AIA GROUP LTD	850,000	-	-	-	850,000
ALIBABA GROUP HLDG LTD	1,141,900	-	-	(120,000)	1,021,900
ANHUI CONCH CEMENT CO LTD-H	-	900,000	-	(900,000)	-
BAIDU INC-SW	-	450,000	-	(450,000)	-
BEIGENE LTD	-	250,000	-	(165,000)	85,000
BILIBILI INC-CL Z	125,000	85,000	-	(210,000)	-
BRILLIANCE CHINA AUTOMOTIVE HLDGS LTD	422,000	-	-	(422,000)	-
BYD CO LTD-H	-	200,000	-	(115,000)	85,000
BYD ELECTRONIC (INTL) CO LTD	-	530,000	-	-	530,000
CHINA JINMAO HLDGS GROUP LTD	-	3,700,000	-	(3,700,000)	-
CHINA LONGYUAN POWER GROUP CORP LTD-H	1,300,000	-	-	(1,300,000)	-
CHINA OVERSEAS PROPERTY HLDGS LTD	1,200,000	-	-	(500,000)	700,000
CHINA POWER INTL DEVELOPMENT LTD	6,000,000	-	-	(6,000,000)	-
CHINA RESOURCES GAS GROUP LTD	-	380,000	-	(380,000)	-
CHINA RESOURCES LAND LTD	-	300,000	-	-	300,000
CHINA RESOURCES MIXC LIFESTYLE SERVICES LTD	650,000	-	-	-	650,000
GALAXY ENTERTAINMENT GROUP LTD	800,000	-	-	-	800,000
GENSCRIPT BIOTECH CORP	-	500,000	-	(500,000)	-
HAIDILAO INTL HLDG LTD	-	1,000,000	-	-	1,000,000
HONG KONG EXCHANGES & CLEARING LTD	304,300	-	-	(35,500)	268,800
JD.COM INC	230,000	-	-	(230,000)	-

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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

31 December 2023

Listed equities (continued)	Movements				Holdings At 31 December 2023
	Holdings At 1 January 2023	Additions	Bonus/ Dividend	Disposals	
Hong Kong (continued)					
Denominated in HK\$					
KEYMED BIOSCIENCES INC	-	110,000	-	(110,000)	-
KINGDEE INTL SOFTWARE GROUP CO LTD	2,000,000	-	-	(1,550,000)	450,000
KINGSOFT CORP LTD	-	320,000	-	(320,000)	-
KUAISHOU TECHNOLOGY	800,000	-	-	(200,000)	600,000
LENOVO GROUP LTD	-	3,800,000	-	(2,900,000)	900,000
LI AUTO INC-CL A	390,000	130,000	-	(390,000)	130,000
LI NING CO LTD	380,000	400,000	-	(780,000)	-
LONGFOR GROUP HLDGS LTD	500,000	2,050,000	-	(2,550,000)	-
MEITUAN-CLASS B	525,200	265,520	-	(502,000)	288,720
NETEASE INC	-	322,000	-	(182,000)	140,000
NEW HORIZON HEALTH LTD	-	200,000	-	(200,000)	-
ONEWO INC-H	-	350,000	-	(350,000)	-
PRADA SPA	-	380,000	-	(380,000)	-
REMEGEN CO LTD-H	-	280,000	-	(280,000)	-
SANDS CHINA LTD	1,700,000	-	-	(450,000)	1,250,000
SHENZHOU INTL GROUP HLDGS LTD	150,000	-	-	(150,000)	-
SINOPEC ENGINEERING (GROUP) CO LTD-H	-	100,000	-	-	100,000
SJM HLDGS LTD	-	800,000	-	(800,000)	-
SMOORE INTL HLDHS LTD	2,400,000	650,000	-	(3,050,000)	-
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	250,000	130,000	-	(380,000)	-
SUPER HI INTERNATIONAL HOLDING LTD	500,000	200,000	-	-	700,000
TENCENT HLDGS LTD	355,200	-	-	(70,000)	285,200
TONG REN TANG TECHNOLOGIES CO LTD-H	-	100,000	-	-	100,000
WUXI APPTec CO LTD-H	-	220,000	-	-	220,000
WUXI BIOLOGICS CAYMAN INC	1,100,000	300,000	-	(600,000)	800,000
WUXI BIOLOGICS CAYMAN IN-RTS (EX date 06 NOV2023)	-	2,306	-	(2,306)	-
WUXI XDC CAYMAN INC	-	2,306	-	(2,306)	-

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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

31 December 2023

	Movements				Holdings At 31 December 2023
	Holdings At 1 January 2023	Additions	Bonus/ Dividend	Disposals	
Listed equities (continued)					
Hong Kong (continued)					
Denominated in HK\$					
XIAMEN YAN PALACE BIRDS NEST INDUSTRY CO LTD	-	240,000	-	(240,000)	-
XIAOMI CORP-CLASS B SHARE	-	1,200,000	-	-	1,200,000
YUM CHINA HLDGS INC	-	78,000	-	-	78,000
ZHAOJIN MINING INDUSTRY CO LTD- H	-	1,000,000	-	-	1,000,000
ZIJIN MINING GROUP CO LTD-H	2,000,000	1,100,000	-	(1,000,000)	2,100,000
ZJLD GROUP INC	-	250,000	-	(250,000)	-
Switzerland					
Denominated in US\$					
LEPU MEDICAL TECHNOLOGY BEIJING CO LTD	157,000	-	-	(157,000)	-
United States					
Denominated in US\$					
FUTU HLDGS LTD-SPONSORED ADR	-	80,000	-	-	80,000
HESAI GROUP	-	20,000	-	(20,000)	-
PINDUODUO INC-SPONSORED ADR	70,000	32,000	-	(25,000)	77,000
TAL EDUCATION GROUP-ADR	-	100,000	-	-	100,000

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UNAUDITED PERFORMANCE TABLE

31 December 2023

1. NET ASSET VALUE

	Net assets value per unit			Total net asset value		
	HK\$	US\$	RMB	HK\$	US\$	RMB
As at 31 December 2023						
- Class A (HKD) units	16.340	-	-	393,430,690	-	-
- Class A (RMB) units	-	-	14.186	-	-	25,854,909
- Class A (USD) units	-	1.646	-	-	42,463,809	-
- Class I (HKD) units	27.585	-	-	90,758,807	-	-
- Class I (USD) units	-	1.201	-	-	10,016,662	-
As at 31 December 2022						
- Class A (HKD) units	19.929	-	-	524,159,219	-	-
- Class A (RMB) units	-	-	16.846	-	-	28,309,436
- Class A (USD) units	-	2.011	-	-	57,184,241	-
- Class I (HKD) units	33.478	-	-	104,752,515	-	-
- Class I (USD) units	-	1.460	-	-	12,796,634	-
As at 31 December 2021						
- Class A (HKD) units	22.107	-	-	600,048,787	-	-
- Class A (RMB) units	-	-	17.152	-	-	31,716,699
- Class A (USD) units	-	2.230	-	-	66,213,645	-
- Class I (HKD) units	36.954	-	-	520,476,972	-	-
- Class I (USD) units	-	1.611	-	-	16,245,286	-

2. HIGHEST ISSUE AND LOWEST REDEMPTION PRICES PER UNIT

	Highest subscription unit price			Lowest redemption unit price		
	HK\$	US\$	RMB	HK\$	US\$	RMB
During the year ended 31 December 2023						
- Class A (HKD) units	22.892	-	-	15.638	-	-
- Class A (RMB) units	-	-	18.795	-	-	13.607
- Class A (USD) units	-	2.300	-	-	1.574	-
- Class I (HKD) units	38.470	-	-	26.392	-	-
- Class I (USD) units	-	1.670	-	-	1.148	-
During the year ended 31 December 2022						
- Class A (HKD) units	22.783	-	-	13.583	-	-
- Class A (RMB) units	-	-	18.493	-	-	12.069
- Class A (USD) units	-	2.290	-	-	1.361	-
- Class I (HKD) units	38.176	-	-	22.799	-	-
- Class I (USD) units	-	1.655	-	-	0.987	-

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UNAUDITED PERFORMANCE TABLE (continued)

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2. HIGHEST ISSUE AND LOWEST REDEMPTION PRICES PER UNIT (continued)

	Highest subscription unit price			Lowest redemption unit price		
	HK\$	US\$	RMB	HK\$	US\$	RMB
During the year ended 31 December 2021						
- Class A (HKD) units	30.157	-	-	21.250	-	-
- Class A (RMB) units	-	-	23.862	-	-	16.614
- Class A (USD) units	-	3.060	-	-	2.146	-
- Class I (HKD) units	50.193	-	-	35.496	-	-
- Class I (USD) units	-	2.201	-	-	1.549	-
During the year ended 31 December 2020						
- Class A (HKD) units	24.897	-	-	11.836	-	-
- Class A (RMB) units	-	-	19.902	-	-	10.390
- Class A (USD) units	-	2.526	-	-	1.200	-
- Class I (HKD) units	41.411	-	-	19.611	-	-
- Class I (USD) units	-	1.816	-	-	0.859	-
During the year ended 31 December 2019						
- Class A (HKD) units	13.953	-	-	10.730	-	-
- Class A (RMB) units	-	-	11.915	-	-	8.837
- Class A (USD) units	-	1.410	-	-	1.078	-
- Class I (HKD) units	23.093	-	-	17.671	-	-
- Class I (USD) units	-	1.000	-	-	1.000	-
During the year ended 31 December 2018						
- Class A (HKD) units	14.740	-	-	10.619	-	-
- Class A (RMB) units	-	-	11.228	-	-	8.830
- Class A (USD) units	-	1.483	-	-	1.065	-
- Class I (HKD) units	24.162	-	-	17.473	-	-
During the year ended 31 December 2017						
- Class A (HKD) units	13.387	-	-	7.906	-	-
- Class A (RMB) units	-	-	10.000	-	-	10.000
- Class A (USD) units	-	1.349	-	-	1.000	-
- Class I (HKD) units	21.925	-	-	12.892	-	-
During the year ended 31 December 2016						
- Class A (HKD) units	8.544	-	-	5.849	-	-
- Class A (RMB) units	-	-	-	-	-	-
- Class A (USD) units	-	-	-	-	-	-
- Class I (HKD) units	13.914	-	-	9.495	-	-

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UNAUDITED PERFORMANCE TABLE (continued)

31 December 2023

2. HIGHEST ISSUE AND LOWEST REDEMPTION PRICES PER UNIT (continued)

	Highest subscription unit price			Lowest redemption unit price		
	HK\$	US\$	RMB	HK\$	US\$	RMB
During the year ended 31 December 2015						
- Class A (HKD) units	10.331	-	-	6.670	-	-
- Class A (RMB) units	-	-	-	-	-	-
- Class A (USD) units	-	-	-	-	-	-
- Class I (HKD) units	16.712	-	-	10.803	-	-
During the year ended 31 December 2014						
- Class A (HKD) units	-	-	-	-	-	-
- Class A (RMB) units	-	-	-	-	-	-
- Class A (USD) units	-	-	-	-	-	-
- Class I (HKD) units	13.323	-	-	11.059	-	-