



VALUE PARTNERS CLASSIC FUND

2023 ANNUAL REPORT

For the year ended
31 December 2023



Value Partners Hong Kong Limited

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CONTENTS

	<i>Page(s)</i>
General information	2-4
Manager's report	5-13
Statement of responsibilities of the Manager and the Trustee	14
Trustee's report	15
Independent auditor's report	16-19
Statement of financial position	20
Statement of comprehensive income	21
Statement of changes in net assets attributable to unitholders	22-24
Statement of cash flows	25-26
Notes to the financial statements	27-62
Investment portfolio (unaudited)	63-67
Investment portfolio movements (unaudited)	68
Details in respect of financial derivative instruments (unaudited)	69-74
Information on exposure arising from financial derivative instruments (unaudited)	75
Performance record (unaudited)	76-78

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

GENERAL INFORMATION

Manager

Value Partners Hong Kong Limited
43rd Floor, The Center
99 Queen's Road Central
Hong Kong

Directors of the Manager

Dato' Seri Cheah Cheng Hye
Mr. So Chun Ki Louis
Mr. Ho Man Kei, Norman

Trustee, Administrator and Custodian

HSBC Institutional Trust Services (Asia)
Limited
1 Queen's Road Central
Hong Kong

Registrar

HSBC Trustee (Cayman) Limited

Principal address:

Strathvale House
Ground Floor, 90 North Church Street
George Town
Grand Cayman
Cayman Islands

Registered address:

P.O. Box 309
Ugland House
George Town
Grand Cayman
KY1-1104
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Legal Advisor

Deacons
5th Floor, Alexandra House
18 Chater Road, Central
Hong Kong

Auditor

PricewaterhouseCoopers
22nd Floor, Prince's Building
10 Chater Road, Central
Hong Kong

Information available from:

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43rd Floor, The Center
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Email : fis@vp.com.hk

Website : www.valuepartners-group.com

GENERAL INFORMATION (Continued)**Recent awards and achievements**

Fund awards	
2021	<ul style="list-style-type: none">• Golden Bull Overseas China Equity Fund (One Year) 2021 The 5th Overseas Fund Golden Bull Fund Awards – <i>China Securities Journal</i>
2020	<ul style="list-style-type: none">• Golden Bull Overseas China Equity Fund (1-Year) The Overseas Fund Golden Bull Fund Awards 2020 & 2021 – <i>China Securities Journal</i>
2017	<ul style="list-style-type: none">• AsiaHedge Awards 2017 Best Asia ex-Japan Fund – <i>AsiaHedge</i>• HFM Asia Performance Awards 2017 Fund of the Year 2017 Best Greater China fund over US\$500 million – <i>HFM Week</i>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate award	
2023	<ul style="list-style-type: none">• The Lifetime Achievement Award Winner: Dato' Seri Cheah Cheng Hye – <i>Asia Asset Management</i>• ESG Leading Enterprise Awards of the Year 2022/2023 Outstanding performance in Environmental, Social, and Governance (“ESG”) initiatives – <i>Master-Insight</i>• Best Exchange Traded Fund (ETF) Issuer 2022 Winner: Value Partners Malaysia – <i>Bursa Malaysia Award</i>• Most Promising Overseas Investment Institution award – <i>Insurance Asset Management Association of China</i>• ESG Elite Award (Distinction) ESG Achievement Awards 2022/2023 Winner: Frank Tsui – <i>Institute of ESG & Benchmark and supported by Hang Seng Indexes Company Limited</i>
2022	<ul style="list-style-type: none">• Asian Private Banker Asset Management Awards for Excellence 2022 Best Fund Provider - Multi-Asset Solution – <i>Asian Private Banker</i>• 2022 China Rankings Top 25 Foreign Firms in China Value Partners is ranked in the 16th – <i>Z-Ben Advisor</i>• AsianInvestor Asset Management Awards 2022 Asset Class Awards: Asia ex-Japan equity – <i>Asianinvestor</i>
2021	<ul style="list-style-type: none">• Asian Private Banker Asset Management Awards for Excellence 2021 Best Fund Provider - High Yield Bond – <i>Asian Private Banker</i>• Listed Company Awards of Excellence 2021 Value Partners Group Limited: Outstanding Listed Company – <i>Hong Kong Economic Journal</i>

MANAGER'S REPORT

The Greater China equities market was volatile in 2023. While investors turned optimistic toward the market following the country's reopening in late 2022, the nation's post-Covid recovery lost momentum in the succeeding months.

For the one-year period ending 31 December 2023, the Fund recorded losses of 5.0%, while the MSCI Golden Dragon Index performed -0.9%.

China's economic data was mixed during the period. On the one hand, CPI figures remained sluggish towards the end of the year, while the manufacturing PMI was disappointing in December, suggesting that demand continues to be weak. Additionally, the muted demand in the property market persisted. On the other hand, retail sales growth continued its upward momentum since the middle of the year, while exports have rebounded YoY in November, albeit both have somewhat benefited from a low base effect.

On the policy front, policymakers highlighted their plans to boost economic growth momentum and facilitate better policy coordination during the Politburo and Central Economic Working Conference held in December. In a rare message, policymakers highlighted the need to seek progress while maintaining stability by "establishing first before breaking the old" (先立后破), suggesting that China has to put new and supportive policies in place first before suppressing current ones to better manage the economic transition process.

Separately, more concrete measures were unveiled to help support economic recovery. For example, Beijing and Shanghai relaxed property policies in December, including cuts to down payment ratios, to boost demand in the ailing property market. In addition, policy banks received RMB 350 billion in loans from the central bank's pledged supplementary lending (PSL) facility at the end of the year, indicating a strong pickup in the infrastructure and affordable housing construction ahead.¹

Outside of China, market conditions improved further, driven by the US Fed's latest dot plot that suggests a close end to the central bank's interest rate hikes and the possibility of three rate cuts in 2024. Consequently, the 10-year US treasury yield declined, weakening the US dollar and supporting the equities market.

Performance review:

Our exposure to financials, including several insurance companies, was among the key detractors to the Fund's performance due to expectations of rate cuts in China, which may impact their investment returns, affecting investor sentiment. Consumer-related stocks also dragged, given ongoing concerns over the soft demand in the country. Our holding of an e-commerce player was also down following its announcement of a weak set of guidance for the next few quarters, as it plans to allocate more resources to defend its market share, which would impact its margins.

On the positive side, several of our holdings of technology companies in Taiwan were among the top contributors to the Fund's performance, thanks to the improving outlook in the sector, particularly the potential turnaround of the consumer electronic downcycle and the positive momentum of artificial intelligence (AI) and other emerging technologies. A leading e-commerce player was also among the top contributors, as it continued to gain market share in the domestic market and has rapidly expanded its overseas business.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

MANAGER'S REPORT (Continued)

Outlook:

Volatility is expected to persist in the Greater China equities market, given the country's still shaky property market and policy uncertainty that may impact investor confidence. We would closely track the upcoming third plenum, which will likely be held in the coming quarter, as it may focus on structural economic reforms and to see whether there would be any additional policy support.

Although we expect the Chinese economy to follow a U-shape recovery due to the significant and persistent drag in the property market, we view that the combination of supportive policies, undemanding valuations, low investor positioning, and more favorable external conditions should help cushion any further significant downside in the market.

We will continue to be agile and diligent in our investment approach as the choppy market conditions will likely remain elevated. We believe that our long-held approach of investing in high-quality companies that can ride through uncertainties remains a long-term winning formula.

We continue to focus on leading companies with strong competitive moats and sound prospects, especially those well-positioned to tap the growth potential arising from rising consumption, internet business development, technology advancement, and the growing demand for wealth management solutions.

1. *People's Bank of China, 02 January 2024*

MANAGER’S REPORT (Continued)

10 largest holdings of securities as at 31 December 2023

Stock	Industry	Valuation (2024 Estimates)	Remarks
<p>PDD Holdings inc ADR (Code: PDD US)</p> <p>Market cap: US\$194.4 billion</p>	<p>Retailing</p>	<p>Price: US\$146.31 P/E: 20.5x P/B: 8.0x Yield: 0.0%</p>	<p>Pinduoduo operates an e-commerce platform that offers value-for-money merchandise and interactive shopping options. The platform sells a suite of product categories, from apparel and shoes to fresh produce and electronic appliances. The company has continued to gain market share in the domestic market and has rapidly expanded its overseas business.</p>
<p>Taiwan Semiconductor Manufacturing (Code: 2330 TT)</p> <p>Market cap: US\$502.9 billion</p>	<p>Semiconductors and semiconductor equipment</p>	<p>Price: TWD593.0 P/E: 15.6x P/B: 3.7x Yield: 2.2%</p>	<p>Taiwan Semiconductor Manufacturing is a world-class independent semiconductor foundry. It provides integrated circuit (IC) design houses with integrated services for process design, wafer manufacturing, and testing. As a global leader with more than 50% share of the outsourcing market, the company has consistently outperformed competitors in technology and profitability. We think the company is well-positioned to continue to benefit from the growing IC manufacturing outsourcing market and the rising demand for the Internet of Things trend, AI chips and new application areas.</p>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

MANAGER'S REPORT (Continued)

10 largest holdings of securities as at 31 December 2023 (Continued)

Stock	Industry	Valuation (2024 Estimates)	Remarks
Tencent Holdings (Code: 700 HK) Market cap: US\$357.5 billion	Media and entertainment	Price: HK\$293.6 P/E: 14.0x P/B: 2.5x Yield: 0.9%	Tencent is a leading provider of online games, premium messaging services, internet value-added services, and advertising and e-commerce services in China. By leveraging its large active user base, it offers good long-term monetization potential. Tencent's largest online user platform allows it to monetize other services, such as payment and performance ads, while its strength in mobile and PC gaming offers long-term growth opportunities.
Kweichow Moutai (Code: 600519 CH) Market cap: US\$305.3 billion	Food, beverage and tobacco	Price: CNY1,726.0 P/E: 23.4x P/B: 7.5x Yield: 2.3%	Kweichow Moutai is China's largest liquor manufacturer in terms of market value. With its premium brand positioning and effective channel management, Moutai has successfully expanded its market share in private consumption in the past years after a considerable decline in official consumption. It has a distinguished brand among other players in China and is expected to benefit from growing consumption in the long term.

MANAGER’S REPORT (Continued)

10 largest holdings of securities as at 31 December 2023 (Continued)

Stock	Industry	Valuation (2024 Estimates)	Remarks
AIA Group (Code: 1299 HK) Market cap: US\$99.3 billion	Insurance	Price: HK\$68.05 P/E: 13.1x P/B: 1.9x Yield: 2.8%	AIA is the largest independent publicly listed pan-Asian life insurance group – with a presence in 18 markets across the Asia-Pacific region. We expect AIA China to deliver superior new business growth as the company’s protection-oriented business in China is more resilient than most of its domestic peers. The company is expected to benefit from the continuous growth of household income and the growing need for insurance and wealth management products. This will provide further long-term growth potential for AIA in China.
Ping An Insurance Group (Code: 2318 HK/ 601318 SH) Market cap: US\$94.8 billion	Diversified financials	Price: HK\$35.35 P/E: 3.8x P/B: 0.5x Yield: 9.0%	Ping An Insurance is a financial conglomerate that provides insurance, banking, securities, trust and asset management services in China. Ping An has been delivering strong premium and New Business Value growth thanks to its superior agency force and multi-product platform. The company should benefit from the growing demand for professionally managed financial products in China in the long term.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

MANAGER'S REPORT (Continued)

10 largest holdings of securities as at 31 December 2023 (Continued)

Stock	Industry	Valuation (2024 Estimates)	Remarks
Beijing TongRenTang Chinese Medicine (Code: 3613 HK) Market cap: US\$1.3 billion	Pharmaceuticals, biotechnology and life sciences	Price: HK\$12.14 P/E: 11.5x P/B: 2.1x Yield: 4.7%	Beijing TongRenTang engages in the wholesale and retail sales of traditional Chinese medicines (TCM) in Hong Kong, Macau, and other markets, operating in about 28 countries. The company continues to strengthen its brand with new premium products, and continues to expand with new retail stores and geographical markets.
SIIC Environment Holdings (Code: 807 HK) Market cap: US\$0.4 billion	Utilities	Price: HK\$1.09 P/E: N/A P/B: N/A Yield: N/A	SIIC Environment is a leading player in China's water and environmental markets. It is engaged in wastewater treatment, water supply, sludge treatment, solid waste incineration, and other environmental-related businesses. It has about 250 water treatment and supply projects, among others, across 20 municipalities and provinces in China and continues to expand its businesses and explore opportunities in other environmental-related markets.

MANAGER’S REPORT (Continued)

10 largest holdings of securities as at 31 December 2023 (Continued)

Stock	Industry	Valuation (2024 Estimates)	Remarks
Micro-Star International (Code: 2377 TT) Market cap: US\$5.6 billion	Technology hardware and equipment	Price: TWD204.0 P/E: 13.8x P/B: 2.7x Yield: 4.0%	Micro-Star International (MSI) is a leader in the gaming industry. It designs and develops computer hardware and components, including laptops, graphic cards, monitors, desktops, motherboards, and others. We expect the company's business to benefit in the medium-to-long term as the gaming industry is expected to see new product launches in the second half of 2024.
Unimicron Technology Corp (Code: 3037 TT) Market cap: US\$8.8 billion	Technology, hardware and equipment	Price: TWD176.0 P/E: 14.3x P/B: 2.4x Yield: 2.7%	Unimicron Technology is one of the major suppliers of semiconductor substrates, including Ajinomoto build-up films (ABFs) and BT substrates. It also produces printed circuit boards (PCBs). The company is well-positioned to benefit from the growing adoption of advanced packaging, which massively increases the usage and complexity of substrates.

Note: The above investments made up 51.7% of Value Partners Classic Equity Fund as of 31 December 2023. The stock prices are based on the closing of 31 December 2023.

Individual stock performance/yield is not necessarily indicative of overall fund performance.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

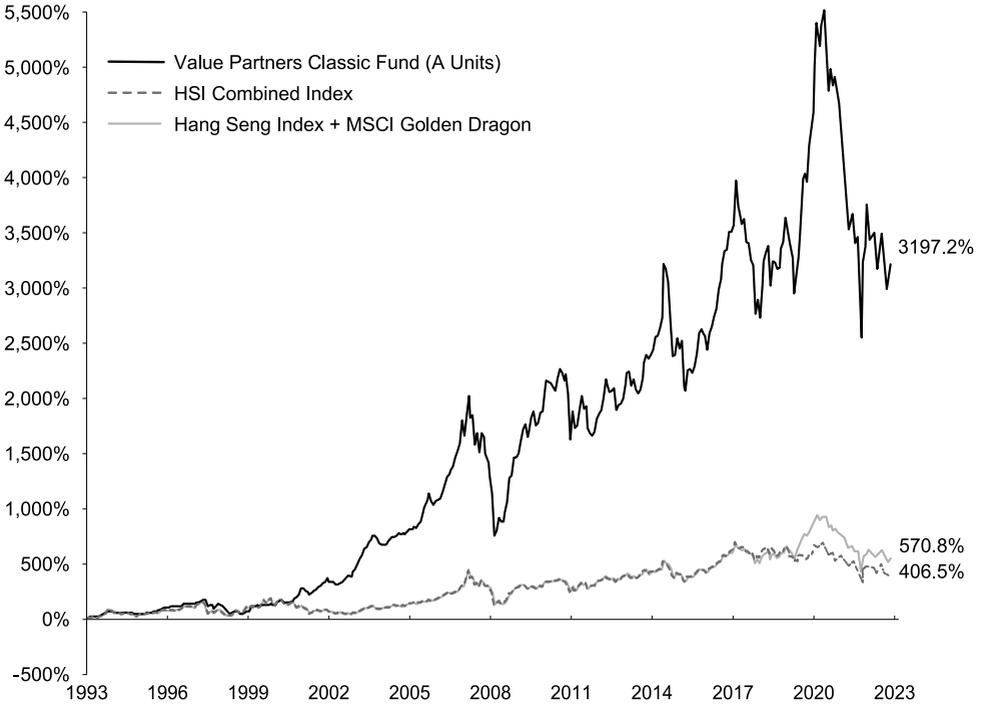
MANAGER'S REPORT (Continued)

Value Partners Classic Fund – NAV as at 31 December 2023

Classes	NAV per unit
A Units	USD329.72
B Units	USD143.68
C Units USD	USD17.97
C Units HKD ^B (for reference only)	HKD140.37
C Units RMB	RMB13.21
C Units AUD Hedged	AUD13.00
C Units CAD Hedged	CAD13.44
C Units HKD Hedged	HKD11.69
C Units NZD Hedged	NZD13.82
C Units RMB Hedged	RMB12.18
C Units MDis USD	USD7.27
C Units MDis HKD	HKD7.26
C Units MDis RMB	RMB7.62
C Units MDis RMB Hedged	RMB6.87
P Units USD	USD7.3094
P Units classes RMB Hedged	RMB9.0267
P Units classes RMB Unhedged	RMB9.6877
X Units	USD10.64
Z Units	USD9.84

MANAGER’S REPORT (Continued)

**Performance since launch
From 1 April 1993 to 31 December 2023**



β Investors should note that the base currency of “C” Units is in USD. The HKD is for reference only and should not be used for subscription or redemption purpose. Conversion to the base currency of “C” Units will normally take place at the prevailing rate (as determined by the Fund’s Trustee or Custodian) on the corresponding fund dealing day. Investor should be aware of possible risks resulting from fluctuations of exchange rates against USD.

HSI Combined Index refers to Hang Seng Index (Price Return) which was used till 31 Dec 2004, thereafter it is the Hang Seng Index (Total Return). Hang Seng Index (Total Return) takes into account of dividend reinvestment whereas Hang Seng Index (Price Return) does not.

* Hang Seng Index + MSCI Golden Dragon Index refers to Hang Seng Index (Price Return) since fund inception till 31 Dec 2004, thereafter it is the Hang Seng Index (Total Return) up to 30 Sep 2017. Hang Seng Index (Total Return) includes dividend reinvestment whereas Hang Seng Index (Price Return) does not take into account reinvestment of dividends. With effect from 1 Oct 2017, it is the MSCI Golden Dragon Index (Total Net Return), which takes into account of dividend reinvestment after deduction of withholding tax.

Fund performance mentioned is referred to Value Partners Classic Fund “A” Unit. All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in US\$ terms on NAV-to-NAV basis with dividends reinvested) as at 31 December 2023. Performance data is net of all fees. All indices are for reference only.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager, Value Partners Hong Kong Limited, is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "Code") and the Trust Deed dated 26 October 1993, as further amended and / or supplemented from time to time ("Trust Deed") and Deed of retirement and appointment of Manager dated 17 August 2015 to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of Value Partners Classic Fund (the "Fund") at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and Deed of retirement and appointment of Manager dated 17 August 2015 and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's responsibilities

The Trustee, HSBC Institutional Trust Services (Asia) Limited, is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed and Deed of retirement and appointment of Manager dated 17 August 2015 and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained so as to enable the financial statements to be prepared.
- safeguard the property of the Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

TRUSTEE'S REPORT

We hereby confirm that, in our opinion, the Manager, Value Partners Hong Kong Limited has, in all material respects, managed Value Partners Classic Fund in accordance with the provisions of the Trust Deed dated 26 October 1993 as further amended and / or supplemented from time to time ("Trust Deed") and Deed of retirement and appointment of Trustee dated 17 August 2015 for the year ended 31 December 2023.

For and on behalf of
HSBC Institutional Trust Services (Asia) Limited

Trustee
25 April 2024

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE PARTNERS CLASSIC FUND

(A unit trust established in Hong Kong)

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Value Partners Classic Fund (the "Fund"), which are set out on pages 20 to 62, comprise:

- the statement of financial position as at 31 December 2023;
- 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 December 2023, and of its financial transactions and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We 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 International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF VALUE PARTNERS CLASSIC FUND (Continued)**

(A unit trust established in Hong Kong)

Report on the Audit of the Financial Statements (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 Management 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 IFRS Accounting Standards, 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 26 October 1993, as amended ("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").

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE PARTNERS CLASSIC FUND (Continued)

(A unit trust established in Hong Kong)

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF VALUE PARTNERS CLASSIC FUND (Continued)**

(A unit trust established in Hong Kong)

Report on the Audit of the Financial Statements (Continued)

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

- 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 April 2024

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note(s)	2023 US\$	2022 US\$
Assets			
Current assets			
Financial assets at fair value through profit or loss	4(d)	873,809,757	1,040,633,332
Amounts receivable on sales of investments		10,049,788	20,722,391
Amounts receivable on issue of units		303,126	580,660
Dividends, interest receivables and other receivables		385,884	424,565
Margin deposits		30	28
Cash and cash equivalents	7(h)	<u>27,155,329</u>	<u>29,624,027</u>
Total assets		<u>911,703,914</u>	<u>1,091,985,003</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	4(d)	7,908	16,374
Amounts payable on purchase of investments		10,855,857	5,115,599
Amounts payable on redemption of units		3,527,379	1,100,490
Management fees payable		835,462	996,425
Distributions payable to unitholders		178,345	222,507
Bank overdrafts	7(h)	2,215,932	46,965,289
Accruals and other payables	4(c), 7(h)	<u>188,212</u>	<u>435,929</u>
Liabilities (excluding net assets attributable to unitholders)		<u>17,809,095</u>	<u>54,852,613</u>
Net assets attributable to unitholders	6	<u>893,894,819</u>	<u>1,037,132,390</u>

Signed by:

Value Partners Hong Kong Limited, Manager

HSBC Institutional Trust Services (Asia) Limited, Trustee

The notes on pages 27 to 62 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note(s)	2023 US\$	2022 US\$
Income			
Dividends		23,139,196	32,422,645
Interest on bank deposits	7(h)	95,195	112,338
Net realised losses on investments		(108,485,490)	(311,427,423)
Change in unrealised gains/losses on investments		48,742,802	(137,754,019)
Net foreign exchange losses		(383,978)	(2,400,081)
Other income		<u>27,740</u>	<u>6,500</u>
		----- (36,864,535)	----- (419,040,040)
Expenses			
Management fees	7(a)	(11,101,970)	(12,698,017)
Trustee and fund administration fees	7(c), 7(h)	(1,178,518)	(1,325,327)
Transaction costs	7(h), 9	(3,758,815)	(4,296,295)
Interest expenses	7(h)	(759,234)	(1,075,887)
Stock borrowing fees	7(h)	-	(3,183)
Safe custody and bank charges	7(h)	(240,621)	(238,636)
Legal and professional fees		(36,335)	(57,260)
Auditor's remuneration		(41,512)	(42,221)
Other operating expenses	7(h)	<u>(956,793)</u>	<u>(1,021,652)</u>
		----- (18,073,798)	----- (20,758,478)
Loss before tax		(54,938,333)	(439,798,518)
Withholding tax on dividends and other investment income	8	<u>(2,397,426)</u>	<u>(2,793,488)</u>
Loss after tax and before distributions		(57,335,759)	(442,592,006)
Distributions to Unitholders	10	<u>(2,288,127)</u>	<u>(3,076,096)</u>
Decrease in net assets attributable to unitholders from operations		<u><u>(59,623,886)</u></u>	<u><u>(445,668,102)</u></u>

The notes on pages 27 to 62 are an integral part of these financial statements.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 US\$	2022 US\$
Net assets attributable to unitholders as at beginning of the year	1,037,132,390	1,521,786,981
Issue of units	82,377,407	139,849,325
Redemption of units	(165,991,092)	(178,835,814)
Net decrease from unit transactions	(83,613,685)	(38,986,489)
Loss after tax and before distributions	(57,335,759)	(442,592,006)
Distributions to unitholders	(2,288,127)	(3,076,096)
Decrease in net assets attributable to unitholders from operations	(59,623,886)	(445,668,102)
Net assets attributable to unitholders as at end of the year	893,894,819	1,037,132,390

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(UNAUDITED) (Continued)**

FOR THE YEAR ENDED 31 DECEMBER 2023

The movement of number of units in issue during the years was as follows:

Number of units	As at 1 January	Issue of units	Redemption of units	As at 31 December
2023				
A Units	636,863	-	(7,033)	629,830
B Units	1,082,268	14,947	(96,785)	1,000,430
C Units USD	22,401,704	1,578,574	(4,831,363)	19,148,915
C Units RMB	475,062	41,164	(28,546)	487,680
C Units AUD Hedged	2,898,511	865,302	(920,707)	2,843,106
C Units CAD Hedged	899,237	242,045	(416,774)	724,508
C Units HKD Hedged	7,838,933	1,515,199	(4,340,577)	5,013,555
C Units NZD Hedged	857,423	322,541	(482,148)	697,816
C Units RMB Hedged	5,342,595	1,737,005	(1,186,135)	5,893,465
C Units MDis USD	4,289,398	639,914	(1,013,811)	3,915,501
C Units MDis HKD	32,512,252	9,062,905	(7,713,790)	33,861,367
C Units MDis RMB	392,768	29,169	(178,367)	243,570
C Units MDis RMB Hedged	21,055,741	5,466,877	(7,122,266)	19,400,352
P Units USD	70,375	5,163	-	75,538
P Units classes RMB Hedged	19,077,485	5,398,256	(3,981,520)	20,494,221
P Units classes RMB Unhedged	1,959,414	511,076	(831,418)	1,639,072
X Units	40,036	5,172	(31,642)	13,566
Z Units	3,442,918	59,000	(114,000)	3,387,918

The notes on pages 27 to 62 are an integral part of these financial statements.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED) (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

The movement of number of units in issue during the years was as follows:

Number of units	As at 1 January	Issue of units	Redemption of units	As at 31 December
2022				
A Units	645,235	–	(8,372)	636,863
B Units	1,167,383	15,980	(101,095)	1,082,268
C Units USD	23,365,010	3,001,709	(3,965,015)	22,401,704
C Units RMB	633,290	354	(158,582)	475,062
C Units AUD Hedged	3,116,453	919,359	(1,137,301)	2,898,511
C Units CAD Hedged	910,869	168,874	(180,506)	899,237
C Units HKD Hedged	7,920,383	1,013,036	(1,094,486)	7,838,933
C Units NZD Hedged	804,730	470,599	(417,906)	857,423
C Units RMB Hedged	5,683,867	1,077,785	(1,419,057)	5,342,595
C Units MDis USD	4,245,615	912,219	(868,436)	4,289,398
C Units MDis HKD	31,099,083	6,044,462	(4,631,293)	32,512,252
C Units MDis RMB	282,409	191,396	(81,037)	392,768
C Units MDis RMB Hedged	12,619,490	11,672,851	(3,236,600)	21,055,741
P Units USD	–	70,375	–	70,375
P Units classes RMB Hedged	32,997,742	2,944,218	(16,864,475)	19,077,485
P Units classes RMB Unhedged	2,157,715	463,654	(661,955)	1,959,414
X Units	50,243	727,514	(737,721)	40,036
Z Units	2,790,438	976,335	(323,855)	3,442,918

The notes on pages 27 to 62 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Cash flows from operating activities		
Decrease in net assets attributable to unitholders from operations	(59,623,886)	(445,668,102)
Adjustments for:		
Dividends and interest on bank deposits	(23,234,391)	(32,534,983)
Interest expenses	759,234	1,075,887
Stock borrowing fees	-	3,183
Withholding tax on dividends and other investment income	2,397,426	2,793,488
Distributions to unitholders	<u>2,288,127</u>	<u>3,076,096</u>
	(77,413,490)	(471,254,431)
Decrease in financial assets at fair value through profit or loss	166,823,575	443,158,979
(Decrease)/increase in financial liabilities at fair value through profit or loss	(8,466)	15,157
Decrease in amounts receivable on sales of investments	10,672,603	21,262,795
Increase/(decrease) in amounts payable on purchase of investments	5,740,258	(14,010,427)
Decrease/(increase) in other receivables	695	(458)
Increase in margin deposits	(2)	-
(Decrease)/increase in bank overdrafts	(44,749,357)	16,106,416
Decrease in management fees payable	(160,963)	(454,080)
Decrease in accruals and other payables	<u>(19,827)</u>	<u>(95,291)</u>
Cash generated from/(used in) operations	60,885,026	(5,271,340)
Dividends and interest on bank deposits received	20,874,951	30,733,398
Interest expenses paid	(987,124)	(828,619)
Stock borrowing fees paid	<u>-</u>	<u>(3,183)</u>
Net cash inflow from operating activities	<u>80,772,853</u>	<u>24,630,256</u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 US\$	2022 US\$
Cash flows from financing activities		
Distributions paid to unitholders	(2,332,289)	(3,092,673)
Proceeds from issue of units	82,654,941	172,344,023
Payments on redemption of units	(163,564,203)	(181,330,228)
Net cash outflow from financing activities	<u>(83,241,551)</u>	<u>(12,078,878)</u>
Net (decrease)/increase in cash and cash equivalents	(2,468,698)	12,551,378
Cash and cash equivalents as at beginning of the year	<u>29,624,027</u>	<u>17,072,649</u>
Cash and cash equivalents as at end of the year, representing bank balances	<u><u>27,155,329</u></u>	<u><u>29,624,027</u></u>

The notes on pages 27 to 62 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Value Partners Classic Fund (the “Fund”) is an open-ended unit trust established by the Trust Deed as further amended and / or supplemented from time to time (“Trust Deed”) dated 26 October 1993 (as amended) and governed by the laws of Hong Kong.

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

The Fund’s investment objective is to achieve consistent superior returns through an investment discipline that places emphasis on the fundamental value of potential investments. The Fund’s investment activities are managed by Value Partners Hong Kong Limited (the “Manager”). The Fund’s Administrator is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the IASB (“IFRS Accounting Standards”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Manager to exercise its judgement in the process of applying the Fund’s accounting policies.

All references to net assets throughout this document refer to net assets attributable to unitholders unless otherwise stated.

Standards and amendments to existing standards effective 1 January 2023

The Fund has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2023:

- Definition of Accounting Estimates – amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

There are no material impact on the financial statements of the Fund.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

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 annual periods beginning after 1 January 2023, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Investment entity

The Fund has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- (i) The Fund has multiple investments;
- (ii) The Fund obtained funding for the purpose of providing investors with investment management services;
- (iii) The Fund's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income; and
- (iv) The performance of investments made through the investee funds are measured and evaluated on a fair value basis.

The Fund meets all of the typical characteristics of an investment entity and management believes it is an investment entity. The Fund is required to account for unconsolidated structured entities at fair value through profit and loss.

(c) Interest in unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

The Fund considers all of its investments in investee funds to be investments in unconsolidated structured entities. The Fund invests in investee funds whose objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The investee funds are managed by the group companies of the Manager who apply various investment strategies to accomplish the respective investment objectives of the investee funds.

The Fund's investments in unconsolidated structured entities are shown as financial assets at fair value through profit and loss. The change in fair value of each investee fund is included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)****(d) Financial assets and liabilities at fair value through profit or loss****(i) Classification***– Assets*

The Fund classifies its investments based on both the 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. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective.

– Liabilities

The Fund short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

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

All derivatives are carried in assets when amounts are receivable by the Fund and in liabilities when amounts are payable by the Fund.

(ii) Recognition/derecognition

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

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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

(iii) *Measurement*

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss are presented in the statement of comprehensive income in the year in which they arise.

(iv) *Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on last traded prices at the close of trading on the reporting date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Debt securities are fair valued based on quoted prices inclusive of accrued interest.

Investments in investee funds are stated at fair value based on the net asset value per unit/share of the respective funds as determined by the administrators of the relevant funds or stated at last traded prices if the investee funds are listed or traded on an exchange. When trading of financial assets and liabilities is suspended, the investment is valued at the manager's estimate of its fair value.

Over-the-counter derivatives that are not traded in an active market is determined by using broker quotes or valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)****(e) Income****(i) Interest income**

Interest income on bank deposits is recognised in the statement of comprehensive income on a time proportionate basis using the effective interest method.

Interest income on debt securities is recognised in the statement of comprehensive income within “net realised losses on investments” and “change in unrealised gains/losses on investments”, which depends on whether the Fund holds that debt security as at year end.

(ii) Dividends

Dividends is recognised when the right to receive payment is established.

(f) Expenses

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

(g) Transaction costs

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

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where 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.

(i) Collateral

The party to whom the collateral is provided does not have the right to sell or re-pledge the collateral and the Fund classifies these pledged investments as financial assets at fair value through profit or loss in the statement of financial position.

Cash collateral provided by the Fund is identified in the statement of financial position as margin deposits and is not included as a component of cash and cash equivalents.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(j) Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign exchange 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 realised losses on investments” and “change in unrealised gains/losses on investments”.

(k) Taxation

The Fund currently incurs withholding tax imposed by certain countries on investment income and capital gains. Such income is recorded gross of withholding tax in the statement of comprehensive income.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and exclude overdrafts with the broker as they are restricted for investment purposes. Bank overdrafts are shown in current liabilities in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)****(m) Redeemable units**

Redeemable units are classified as financial liabilities and are issued or redeemed at the holder's option at prices based on the Fund's net asset value per unit as at the close of business on the relevant dealing day. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the unitholders with the total number of outstanding units.

The redeemable units will be issued when the signed application for subscription or switching of units in the relevant class has been received. The subscription monies should be received no more than three business days after the close of the relevant dealing period. The amounts receivable on issue of units are recognised when the subscription applications are received but not yet settled.

The redemption monies will be paid with the maximum interval between the receipt of a properly documented request for redemption of units and payment of the redemption proceeds to the unitholders may not exceed 30 days. The amounts payable on redemption of units are recognised when the redemption requests are received but not yet settled.

(n) Distributions to unitholders

Proposed distributions to unitholders are recognised in the statement of comprehensive income when they are appropriately authorised. The Manager expects to be able to pay distributions from the net distributable income generated by the Fund from its investment but in the event that such net distributable income is insufficient to pay distributions as it declares, the Manager may in its discretion determine that such distributions may be paid from capital. The distribution on the units is recognised in the statement of comprehensive income.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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.

Fair value of financial instruments not quoted in an active market

The Fund holds financial instruments that are not traded or quoted in an active market. The Fund uses its judgement to select the appropriate methods and make assumptions based on market conditions existing at the end of each reporting period to estimate the fair value of such financial instruments.

Valuation techniques include the market approach using prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities such as net asset values as provided by fund administrators, broker quotes and last transacted price. Broker quotes obtained from the pricing sources (such as pricing agencies or bond/debt market makers) may be indicative and not executable or binding. The Fund would exercise judgement and estimates on the quantity and quality of pricing sources uses. Where no market data is available, the Fund may value positions using its own models. Although best estimate is used in estimating fair values, there are inherent limitations in any valuation technique. Estimated fair values may differ from the values that would have been used if a readily available market existed.

As at 31 December 2023, the Fund held two (2022: two) unlisted equity securities of US\$Nil (2022: US\$Nil), which are classified as level 3 investments. Refer to Note 4(d) for further details.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit and counterparty risk and liquidity risk.

The risks and respective risk management policies employed by the Fund to manage these risks are discussed below:

(a) Market risk

(i) Foreign exchange risk

The Fund may hold assets denominated in currencies other than the US\$, the functional currency, it may therefore be exposed to foreign exchange risk. The Fund's overall currency positions are monitored on a daily basis by the Manager.

The table below includes both monetary and non-monetary assets and liabilities held in foreign currencies together with the percentage of reasonable possible change in foreign exchange rates and the estimated impact on net assets. Non-monetary investments include equity securities. Monetary investments include currency forwarding.

	Total net foreign currency exposures		Percentage change %	Estimated impact on net assets US\$
	Non- monetary net assets US\$ equivalent	Monetary net assets US\$ equivalent		
As at 31 December 2023				
Australian dollar	-	25,453,984	+/-5	+/-1,272,699
Canadian dollar	-	7,573,715	+/-3	+/-227,211
Hong Kong dollar*	364,254,050	25,623,483	+/-0	-
Indonesian rupiah	-	766	+/-3	+/-23
New Zealand dollar	-	6,248,137	+/-5	+/-312,407
Renminbi	141,811,537	54,502,444	+/-5	+/-9,815,699
Taiwan dollar	232,427,722	2,723,488	+/-5	+/-11,757,561
Singapore dollar	-	148,026	+/-2	+/-2,961
	<u>738,493,309</u>	<u>122,274,043</u>		

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	Total net foreign currency exposures		Percentage change %	Estimated impact on net assets US\$
	Non- monetary net assets US\$ equivalent	Monetary net assets/ (liabilities) US\$ equivalent		
As at 31 December 2022				
Australian dollar	-	28,568,401	+/-5	+/-1,428,420
Canadian dollar	-	9,872,980	+/-5	+/-493,649
Hong Kong dollar*	585,933,025	(6,119,112)	+/-0	-
Indonesian rupiah	-	757	+/-5	+/-38
New Zealand dollar	-	8,364,682	+/-5	+/-418,234
Renminbi	179,137,881	61,317,651	+/-5	+/-12,022,777
Singapore dollar	3,820,786	380,104	+/-5	+/-210,045
Taiwan dollar	169,028,172	27,777,319	+/-5	+/-9,840,275
	<u>937,919,864</u>	<u>130,162,782</u>		

* The Hong Kong dollar is currently linked to the US\$, the functional currency, within a narrow range, and is therefore not exposed to significant foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Manager manages price risk primarily through diversification of the portfolio and through a careful selection of securities and other financial instruments within specified limits as stated in the Explanatory Memorandum. The Fund's overall market positions are monitored on a daily basis by the Manager.

As at 31 December 2023 and 2022, the Fund had no exposure to a single security greater than 10% of net assets.

The Fund's overall market exposures at the reporting date were as follows:

	% of net assets	
	2023	2022
Financial assets at fair value through profit or loss		
Listed equity securities		
China	15.86	17.27
Hong Kong		
– H shares	9.11	16.41
– Red chips	8.44	10.02
– Others	23.19	30.07
Singapore	–	0.37
Taiwan	26.00	16.30
The United States of America	13.11	6.55
	<hr/>	<hr/>
	95.71	96.99
Rights		
Taiwan	0.00*	–
Participation notes	1.86	1.50
Unlisted equity securities	–	–
Unlisted investment funds	0.09	1.78
Forward exchange contracts	0.09	0.07
	<hr/>	<hr/>
	97.75	100.34
	<hr/> <hr/>	<hr/> <hr/>

* % of net assets is less than 0.005%.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

	% of net assets	
	2023	2022
Financial liabilities at fair value through profit or loss		
Forward exchange contracts	(0.00)	(0.00)
	<u>(0.00)</u>	<u>(0.00)</u>

The table below shows the analysis of the net position of equity securities and participation notes by industry.

	2023	2022
	%	%
Financials	10.73	24.64
Industrials	4.74	–
Utilities	3.25	2.98
Consumer discretionary	22.82	24.22
Information technology	30.18	17.06
Healthcare	7.66	3.47
Real estate	0.88	4.12
Consumer staples	6.78	12.30
Communication services	12.96	10.67
Energy	–	0.54
	<u>100.00</u>	<u>100.00</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

The Fund may sell securities of an issuer short. Short sales made by the Fund involve certain risks and special considerations. Possible losses from short sales differ from losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested.

The table below summarises the sensitivity of the Fund’s portfolio of listed equity securities, equity derivatives and investment funds to equity price movements. The analysis is based on the assumptions that the MSCI Golden Dragon Net Total Return Index increased/decreased with all other variables held constant and that the fair value of the Fund’s portfolio of listed equity securities and notional value of the Fund’s derivatives moved according to their historical correlation with the index. The Manager does not manage price risk with reference to any market index. The index used below is for guidance and performance comparison only.

	Percentage change		Estimated impact	
	2023	2022	on net assets	
	%	%	2023	2022
			US\$	US\$
MSCI Golden Dragon Net Total Return Index	+/-15	+/-30	+/-128,496,710	+/-315,869,952

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

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

The table below summaries the Fund's financial assets and liabilities at the reporting date which expose it to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates, categorised by remaining maturity dates.

	Less than 1 month	
	2023	2022
	US\$	US\$
Cash and cash equivalents	27,155,329	29,624,027
Bank overdrafts	<u>(2,215,932)</u>	<u>(46,965,289)</u>
Interest sensitivity gap	<u>24,939,397</u>	<u>(17,341,262)</u>

The bank balances are placed at short term market interest rates and the Manager considers that the Fund is not subject to significant amount of risk due to the stable and low fluctuation in the prevailing levels of market interest rates.

(b) Credit and counterparty risk

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges that the Manager considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. In a purchase, payment is made when the securities have been received by the broker. If either party fails to meet its obligation, the trade will fail.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The table below shows the exposures to major counterparties at the reporting date. The credit ratings are issued by Moody's.

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Counterparty		
Cash with banks		
Aa2	27,155,329	–
Aa3	–	29,624,027
Margin deposits		
Aa3	30	28
Investments placed with custodian and other broker		
Aa2	873,809,757	–
Aa3	–	1,040,633,332
Amounts receivable on sales of investments		
A1	7,005,203	–
A2	898,937	–
Unrated	2,145,648	20,722,391
Amounts receivable on issue of units		
Unrated	303,126	580,660

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2023, amounts receivable on sales of investments, amounts receivable on issue of units, dividends, interest receivables and other receivables, margin deposits and bank balances with a credit rating of Aa2 (2022: Aa3) or higher and are due to be settled within 1 week. Applying the requirements of IFRS 9, the expected credit loss (“ECL”) is immaterial for the Fund and, as such, no ECL has been recognised within the financial statements.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets, excluding equity securities, as shown in the statement of financial position.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The table below analyses the Fund's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table below reflects captions of the statement of financial position items and shows how much of the net assets can be redeemed if the Manager does not exercise the 10% redemption gate.

	Less than 3 month	
	2023	2022
	US\$	US\$
Net assets attributable to unitholders	893,894,819	1,037,132,390
Financial liabilities at fair value through profit or loss – derivatives	7,908	16,374
Amounts payable on purchase of investments	10,855,857	5,115,599
Amounts payable on redemption of units	3,527,379	1,100,490
Management fees payable	835,462	996,425
Distributions payable to unitholders	178,345	222,507
Bank overdrafts	2,215,932	46,965,289
Accruals and other payables	188,212	435,929
	<u>911,703,914</u>	<u>1,091,985,003</u>

As at 31 December 2023, the Fund was subject to one (2022: one) passive hedging arrangement with its derivative counterparty. The arrangement gives the Fund and the counterparties the legally enforceable right to set-off certain financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The Fund and its counterparties have elected to settle all transactions on a gross basis, however, each party has the option to settle all open obligations on a net basis in the event of default of the other party. Per the terms of the master netting agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied after notice of such failure is given to the party or bankruptcy.

The following table presents the Fund's financial assets and liabilities eligible to offsetting had the Fund elected to enforce the master netting agreement and similar agreements at the reporting date. The amount to be offset is limited to the absolute value of financial assets or financial liabilities within the same counterparty.

	2023 <i>US\$</i>	2022 <i>US\$</i>
Gross amounts of recognised financial assets		
Forward exchange contracts	<u>816,302</u>	<u>772,983</u>
Net amounts of financial assets presented in the statement of financial position	<u><u>816,302</u></u>	<u><u>772,983</u></u>
Gross amounts of recognised financial liabilities		
Forward exchange contracts	<u>(7,908)</u>	<u>(16,374)</u>
Net amounts of financial liabilities presented in the statement of financial position	<u><u>(7,908)</u></u>	<u><u>(16,374)</u></u>
Net amount	<u><u>808,394</u></u>	<u><u>756,609</u></u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Capital Management

The capital of the Fund is represented by the net assets attributable to unitholders which is subject to daily subscriptions and redemptions of redeemable units. The Fund's objective for capital management is to provide returns and long-term capital growth for unitholders.

In order to maintain the capital structure, the Manager performs the following:

- Monitor subscriptions and redemptions activities relative to liquid assets;
- Protect the interest of unitholders and in exceptional circumstances, the Manager may limit the total number of units redeemed on any redemption day to 10% in aggregate of the total number of units in issue; and
- Monitor fund investment guidelines and restrictions, in accordance with the Explanatory Memorandum.

The markets in which the Fund invests may be relatively illiquid and the liquidity of these markets may fluctuate substantially over time. Investment of the Fund's assets in relatively illiquid securities may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes. The risk of illiquidity also arises in the case of over-the-counter transactions. As at 31 December 2023 and 2022, the Manager considers that the amount of such illiquid investments is relatively insignificant compared to the net assets attributable to unitholders and the majority of the Fund's total assets can be realised within 7 days or less to generate cash inflows for managing liquidity risk.

Below presents a list of investors who held more than 10% of the net assets of the Fund:

Investor	% of net assets
As at 31 December 2023	
Investor 1	12.70
Investor 2	11.89
As at 31 December 2022	
Investor 1	12.14
Investor 2	11.34

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation

The following table analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value as at the reporting date.

	Level 1 <i>US\$</i>	Level 2 <i>US\$</i>	Level 3 <i>US\$</i>	Total <i>US\$</i>
As at 31 December 2023				
Financial assets held for trading				
Listed equity securities	855,602,224	–	–	855,602,224
Participation notes	–	16,618,816	–	16,618,816
Unlisted investment funds	–	753,000	–	753,000
Unlisted equity securities	–	–	–*	–
Rights	–	19,415	–	19,415
Forward exchange contracts	–	816,302	–	816,302
	<u>855,602,224</u>	<u>18,207,533</u>	<u>–</u>	<u>873,809,757</u>
Financial liabilities held for trading				
Forward exchange contracts	–	(7,908)	–	(7,908)
	<u>–</u>	<u>(7,908)</u>	<u>–</u>	<u>(7,908)</u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 31 December 2022				
Financial assets held for trading				
Listed equity securities	1,005,886,522	-	-	1,005,886,522
Participation notes	-	15,545,551	-	15,545,551
Unlisted investment funds	-	18,428,276	-	18,428,276
Unlisted equity securities	-	-	-*	-
Forward exchange contracts	-	772,983	-	772,983
	<u>1,005,886,522</u>	<u>34,746,810</u>	<u>-</u>	<u>1,040,633,332</u>
Financial liabilities held for trading				
Forward exchange contracts	<u>-</u>	<u>(16,374)</u>	<u>-</u>	<u>(16,374)</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equity securities and a daily traded listed investee fund. The Fund does not adjust the quoted price for these investments.

Financial instruments that trade in markets that are not considered to be active and are valued based on quoted market prices or broker quotes, or financial instruments for which there is no active market and are valued based on valuation models supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they are traded infrequently.

* As at 31 December 2023, the fair value of two (2022: two) unlisted equity securities was fully marked at zero.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The Manager considers that changes in the inputs to the valuation models would not have a significant effect on the net asset value of the Fund. No quantitative analysis has been presented. The table below summarises the key unobservable inputs adopted by the Manager in determining the fair value.

	Fair value <i>US\$</i>	Valuation technique	Unobservable inputs	Range of inputs
As at 31 December 2023				
Unlisted equity securities	–	Last transacted price with discounts applied	Discount rate	100%
As at 31 December 2022				
Unlisted equity securities	–	Last transacted price with discounts applied	Discount rate	100%

There is no transfer between levels for the years ended 31 December 2023 and 2022.

There is no movement in level 3 investments for the years ended 31 December 2023 and 2022.

Other assets and liabilities are carried at amortised cost and their carrying values are reasonable approximation of fair value.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(e) Financial derivative instruments

The Fund's financial derivative instruments at the reporting date are detailed as follows:

	Notional amount Long/(Short)	Fair value	
		Assets US\$	Liabilities US\$
As at 31 December 2023			
Forward exchange contracts	AUD36,189,758	384,294	-
Forward exchange contracts	CAD9,610,825	124,735	-
Forward exchange contracts	CNH387,743,225	200,857	-
Forward exchange contracts	NZD9,452,209	106,416	-
Forward exchange contracts	(AUD224,352)	-	(1,997)
Forward exchange contracts	(CAD7,001)	-	(19)
Forward exchange contracts	(CNH5,054,521)	-	(2,821)
Forward exchange contracts	HKD57,071,320	-	(2,325)
Forward exchange contracts	(NZD52,702)	-	(746)
Participation notes on China equities	RMB87,929,838	12,372,467	-
Participation notes on China equities	RMB30,179,260	4,246,349	-
		17,435,118	(7,908)

	Notional amount Long/(Short)	Fair value	
		Assets US\$	Liabilities US\$
As at 31 December 2022			
Forward exchange contracts	AUD40,646,397	566,738	-
Forward exchange contracts	CAD12,986,151	94,288	-
Forward exchange contracts	HKD10,000	0	-
Forward exchange contracts	NZD12,733,027	14,267	-
Forward exchange contracts	CNH421,246,318	97,690	-
Forward exchange contracts	HKD98,315,009	-	(14,840)
Forward exchange contracts	(CNH1,229,614)	-	(595)
Forward exchange contracts	(CAD33,974)	-	(150)
Forward exchange contracts	(AUD103,138)	-	(741)
Forward exchange contracts	(NZD8,433)	-	(48)
Participation notes on China equities	RMB107,942,447	15,545,551	-
		16,318,534	(16,374)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Unconsolidated structured entities consist of investments in investee funds which are subject to the terms and conditions of the respective investee funds’ offering documents and are susceptible to market price risk arising from uncertainties about future values of those structured entities. The Manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund’s manager.

The Fund’s holding in investee funds, as a percentage of the respective structured entity’s total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at structured entities level. It is possible that the Fund may, at any point in time, hold a majority of a structured entity’s total shares/units in issue.

The table below summaries the Fund’s holdings in investee funds as at the reporting date.

Investee funds	Fund manager	% Ownership		Place of Incorporation	Dealing Frequency
		2023	2022		
Value Partners Ireland Fund ICAV – Value Partners All China Equity Fund ^Δ	Value Partners HongKong Limited**	-	95.99%	Ireland	Daily*
Value Partners Ireland Fund ICAV - Value Partners China A Shares Consumption Fund ^Δ	Value Partners HongKong Limited**	-	6.25%	Ireland	Daily*
Value Partners Ireland Fund ICAV - Value Partners China A Shares Equity Fund ^Δ	Value Partners HongKong Limited**	6.26%	6.24%	Ireland	Daily*
Value Partners Ireland Fund ICAV - Value Partners China A Shares High Dividend Fund ^Δ	Value Partners HongKong Limited**	6.27%	6.25%	Ireland	Daily*

* The Manager of the investee funds also has the ability to limit daily redemptions and withhold the requested amount. Under extraordinary circumstances, the Manager of the Investee Funds also has the ability to suspend redemptions.

Δ The investment funds are not authorised in Hong Kong and not available to the public in Hong Kong.

** The investee funds are also managed by the Manager or its related party.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

Movements in the fair value of the investee funds' portfolio and corresponding movements in the fair value of the investee funds may expose the Fund to a loss. The Fund's maximum exposure to loss from its interests in structured entities is equal to the total fair value of its investments in structured entities. Once the Fund has disposed of its shares/units in a structured entity, the Fund ceases to be exposed to any risk from that structured entity.

The exposure to investments in investee funds at fair value is disclosed in the following table. These investments are included in financial assets at fair value through profit or loss in the statement of financial position.

	Fair value <i>US\$</i>	% of net assets
As at 31 December 2023		
Value Partners Ireland Fund ICAV - Value Partners China A Shares Equity Fund Class X USD Unhedged Acc	341,500	0.04
Value Partners Ireland Fund ICAV - Value Partners China A Shares High Dividend Fund Class X USD Unhedged Acc	<u>411,500</u>	<u>0.05</u>
	<u><u>753,000</u></u>	<u><u>0.09</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

	Fair value <i>US\$</i>	% of net assets
As at 31 December 2022		
Value Partners Ireland Fund ICAV - Value Partners All China Equity Fund Class X USD Unhedged Acc	17,172,776	1.66
Value Partners Ireland Fund ICAV - Value Partners China A Shares Consumption Fund Class X USD Unhedged Acc	385,500	0.04
Value Partners Ireland Fund ICAV - Value Partners China A Shares Equity Fund Class X USD Unhedged Acc	441,000	0.04
Value Partners Ireland Fund ICAV - Value Partners China A Shares High Dividend Fund Class X USD Unhedged Acc	<u>429,000</u>	<u>0.04</u>
	<u><u>18,428,276</u></u>	<u><u>1.78</u></u>

Total purchases and total sales in structured entities during the year ended 31 December 2023 were US\$Nil (2022: US\$Nil) and US\$18,797,527 (2022: US\$Nil) respectively. The Fund intends to continue opportunistic trading in the investee funds. As at 31 December 2023 and 2022, there were no capital commitment obligations and no amounts due to structured entities for unsettled purchases.

During the year ended 31 December 2023, total net gain of US\$1,122,251 (2022: total net loss of US\$8,965,321) was recognised on investments in investee funds.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 REDEEMABLE UNITS

Units of the Fund are issued in different classes. All units are subject to daily redemption. The management fees charged to each classes of units are different as disclosed in note 7(a). Applications for A Units and B Units were suspended since 2002 and 2009 respectively unless otherwise agreed by the Manager. New investors who wish to invest in the Fund and existing unitholders who wish to further subscribe for units in the Fund may subscribe for C Units, C Units – Hedged, C Units – MDis, X Units, Z Units and P Units classes.

The Fund may enter into certain currency related transactions in order to hedge the currency exposure of the assets of the Fund attributable to a particular class into the class currency of the relevant class. Any financial instruments used to implement such strategies with respect to one or more classes shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant classes and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant class.

A Units, B Units, C Units, C Units – Hedged, C Units – MDis, X Units, Z Units and P Units classes are redeemable at the option of the unitholders, are subject to different management fee percentages and do not have identical features, and are therefore classified as financial liabilities. The units can be put back to the Fund for cash equal to a proportionate share of the Fund's net asset value. The units are carried at the redemption amount that is payable at the reporting date if the unitholders exercise their right to put the units back to the Fund.

The Fund's capital is represented by these units. The Fund's capital is shown as net assets attributable to unitholders in the statement of financial position. The Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of listed securities where necessary.

The Fund offers classes of redeemable units that accumulate income (A Units, B Units, C Units USD, C Units RMB, C Units AUD Hedged, C Units CAD Hedged, C Units HKD Hedged, C Units NZD Hedged, C Units RMB Hedged, P Units USD, P Units classes RMB Hedged, P Units classes RMB unhedged, X Units and Z Units, collectively referred to as "Accumulation Classes") or pay regular dividends out of net income or on occasion make payments out of capital (C Units MDis USD, C Units MDis HKD, C Units MDis RMB, C Units MDis RMB Hedged, collectively referred to as the "Distribution Classes"). The Manager currently does not aim to pay dividends with respect to Accumulation Classes. Therefore, any net income and net realised profits attributable to the units of the Accumulation Classes will be reflected in their respective Net Asset Values.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 REDEEMABLE UNITS (Continued)

Number of units in issue

Number of units and the net asset value per unit at the reporting date was as follows:

	2023	2022
Number of units		
A Units	629,830	636,863
B Units	1,000,430	1,082,268
C Units USD	19,148,915	22,401,704
C Units RMB	487,680	475,062
C Units AUD Hedged	2,843,106	2,898,511
C Units CAD Hedged	724,508	899,237
C Units HKD Hedged	5,013,555	7,838,933
C Units NZD Hedged	697,816	857,423
C Units RMB Hedged	5,893,465	5,342,595
C Units MDis USD	3,915,501	4,289,398
C Units MDis HKD	33,861,367	32,512,252
C Units MDis RMB	243,570	392,768
C Units MDis RMB Hedged	19,400,352	21,055,741
P Units USD	75,538	70,375
P Units classes RMB Hedged	20,494,221	19,077,485
P Units classes RMB Unhedged	1,639,072	1,959,414
X Units	13,566	40,036
Z Units	3,387,918	3,442,918
	2023	2022
Net asset value per unit		
A Units	USD329.72	USD346.90
B Units	USD143.68	USD151.92
C Units USD	USD17.97	USD19.01
C Units RMB	RMB13.21	RMB13.65
C Units AUD Hedged	AUD13.00	AUD14.11
C Units CAD Hedged	CAD13.44	CAD14.40
C Units HKD Hedged	HKD11.69	HKD12.52
C Units NZD Hedged	NZD13.82	NZD14.83
C Units RMB Hedged	RMB12.18	RMB13.30
C Units MDis USD	USD7.27	USD7.92
C Units MDis HKD	HKD7.26	HKD7.90
C Units MDis RMB	RMB7.62	RMB7.99
C Units MDis RMB Hedged	RMB6.87	RMB7.61
P Units USD	USD7.3094	USD7.7309
P Units classes RMB Hedged	RMB9.0267	RMB9.8577
P Units classes RMB Unhedged	RMB9.6877	RMB10.0194
X Units	USD10.64	USD11.11
Z Units	USD9.84	USD10.36

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS

The following is a summary of significant related party transactions/transactions entered into during the period between the Fund and the Trustee, the Manager and their connected persons. Connected persons of the Trustee and the Manager are those as defined in the SFC Code. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fees

The Manager is entitled to receive management fees which represent 0.75% per annum of that portion of the net asset value of the Fund attributable to A units and Z units and 1.25% per annum of that portion of the net asset value of the Fund attributable to B units, C units, C units – Hedged, C units – MDis and P unit RMB classes. No management fees shall be payable for X units. The management fees are calculated and accrued daily and payable monthly in arrears.

(b) Performance fees

The Manager is entitled to receive a performance fees which represents 15% of the product of the average number of units in issue during the year and the amount by which the net asset value per unit as at the reporting date before accrual of performance fees and including any distribution declared or paid in respect of their relevant performance periods exceeds the higher of (i) the initial issue price of the units and (ii) the highest value for the net asset value per unit as at 31 December for any preceding year in which a performance fees was last calculated and paid (after payment of the performance fees). The performance fees is calculated and accrued daily and payable yearly in arrears.

(c) Trustee and fund administration fees

The Trustee is entitled to receive a trustee and fund administration fees which represents a variable fee of (i) 0.15% per annum on the first US\$150 million of the net asset value of the Fund; (ii) 0.13% per annum on the next US\$150 million of the net asset value of the Fund; and (iii) 0.11% per annum thereafter. Under the terms of the Trust Deed, the Trustee is also entitled to a fixed annual fee of US\$4,500. The variable fee was calculated and accrued daily and payable monthly in arrears.

(d) Registrar fees

The Trustee is also entitled to 0.03% per annum of the Fund's NAV for the services provided as the Fund's registrar.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(e) The Trustee's, the Manager's and their related parties' holding in the Fund and entitled to profit/loss from transactions in units

The Trustee, the Manager and their related parties held units of the Fund and entitled to profit/(loss) from transactions in units as follows:

	As at 1 January	Transactions in units		As at 31 December
		Issue of units	Redemption of units	
2023				
A Units				
Director of the Manager	34,669	-	-	34,669
Spouse of a director of the Manager	6,615	-	-	6,615
B Units				
Director of the Manager	14,749	-	-	14,749
Spouse of a director of the Manager	1,992	-	-	1,992
C Units				
Value Partners Limited*	-	2,231	(2,231)	-
Sensible Asset Management Limited**	-	22,642	-	22,642
X Units				
Value Partners Limited*	40,035	5,173	(31,642)	13,566

** A director of the Manager's parent company held the units in the Fund through Sensible Asset Management Limited as at 31 December 2023.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(e) The Trustee's, the Manager's and their related parties' holding in the Fund and entitled to profit/loss from transactions in units (Continued)

	As at 1 January	Transactions in units		As at 31 December
		Issue of units	Redemption of units	
2022				
A Units				
Director of the Manager	34,669	-	-	34,669
Spouse of a director of the Manager	6,615	-	-	6,615
B Units				
Director of the Manager	14,749	-	-	14,749
Spouse of a director of the Manager	1,992	-	-	1,992
C Units				
Value Partners Limited*	-	11,221	(11,221)	-
X Units				
Value Partners Limited*	50,243	727,514	(737,722)	40,035

* Value Partners Limited is a fellow subsidiary of the Manager.

Note During the years ended 31 December 2023 and 2022, the Manager and its related parties' holding in the Fund are entitled to the distribution based on their holding of the units of the relevant Fund, refer to Note 10 for details.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(f) Investment in funds managed by the Manager or its related parties

During the years ended 31 December 2023 and 2022, the Fund invested in other funds, which are also managed by the Manager or its related party. Refer to note 5 for further details.

In accordance with the Fund's Explanatory Memorandum, the managers of these funds have waived the management fees payable by the Fund by refunding the relevant fees to the Fund, which is included in the statement of comprehensive income as "other income". For the years ended 31 December 2023 and 2022, no management fees were waived.

(g) Cross trade with other funds managed by the Manager and/or its associates

During the years ended 31 December 2023 and 2022, the Fund did not have transacted with other funds which are also managed by the Manager and/or its associates.

(h) Other transaction and balances with the Trustee and its related parties

In addition to the trustee and fund administration fees of US\$1,178,518 (2022: US\$1,325,327), as disclosed in note 7(c), the Fund had the following additional transactions with the Trustee and its related parties. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Interest on bank deposits	95,195	112,338
Transaction costs*	(39,573)	(69,078)
Interest expenses	(759,234)	(1,075,887)
Stock borrowing fees	-	(3,183)
Safe custody and bank charges	(4,639)	(6,538)
Sub custodian fees expenses	(235,982)	(232,098)
Registrar and transfer agent fees expenses	(246,907)	(280,035)
Annual service fees	<u>(5,447)</u>	<u>(7,017)</u>

* Included in transaction costs are paid commission to the related parties of the Trustee for the purchases and sales of investments during the years ended 31 December 2023 and 2022 as follows:

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(h) Other transaction and balances with the Trustee and its related parties (Continued)

	2023	2022
	<i>US\$</i>	<i>US\$</i>
The Hongkong and Shanghai Banking Corporation Limited		
Total commission paid	15,355	55,158
Total aggregate value of the purchases and sales	10,245,612	48,226,645
Average rate of commission	0.15%	0.11%
% of transactions to the total purchases and sales of the Fund	<u>0.63%</u>	<u>2.44%</u>

In addition to the trustee and fund administration fees payable of US\$84,213 (2022: US\$101,722) and registrar fees payable of US\$17,515 (2022: US\$21,437), as disclosed in Note 7(c), the Fund had the following additional balances with the Trustee and its related parties.

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Financial assets at fair value through profit or loss	873,809,757	1,040,633,332
Cash and cash equivalents	27,155,329	29,624,027
Bank overdrafts	(2,215,932)	(46,965,289)
Interest receivable	12,269	5,320
Financial liabilities at fair value through profit or loss	(7,908)	(16,374)
Transaction costs payable	(2,607)	(1,406)
Interest expenses payable	(16,525)	(244,415)
Safe custody and bank charges payable	(2)	(2)
Annual service fees payable	<u>(969)</u>	<u>(974)</u>

During the years ended 31 December 2023 and 2022, the Fund entered into forward exchange contracts with The Hongkong and Shanghai Banking Corporation Limited, a connected person of the Trustee, with realised loss amounting to US\$4,167,702 (2022: US\$10,395,343). As at 31 December 2023, the Fund held the outstanding forward exchange contracts as financial assets US\$816,302 (2022: US\$772,983) and financial liabilities US\$7,908 (2022: US\$16,374) respectively with The Hongkong and Shanghai Banking Corporation Limited.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**8 TAXATION****(a) Hong Kong**

No provision for Hong Kong profits tax has been made as the dividend and interest income and realised gains on sales of investments of the Fund are excluded from the charge to profits tax under Section 14, 26 or 26A of the Hong Kong Inland Revenue Ordinance.

(b) People's Republic of China ("PRC")

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.

The Fund invests in various derivative instruments linked to "A" shares of companies listed in the PRC and in "A" shares through Stock Connect. Prior to 17 November 2014, a 10% tax was withheld by the relevant Qualified Foreign Institutional Investors ("QFIIs") on all PRC sourced dividends and realised capital gains. With effect from 17 November 2014, a 10% tax is only withheld on all PRC sourced dividends only.

Capital gains tax on A-shares in PRC

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 corporate income tax.

The Fund invests in A-shares traded via Shanghai-Hong Kong Stock Connect/Shenzhen-Hong Kong Stock Connect is subjected to 10% WIT on dividend income derived from the shares. WIT was charged on dividend income received from the shares during the years ended 31 December 2023 and 2022.

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% withholding income tax ("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.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 TAXATION (Continued)

(c) Other jurisdictions

Overseas withholding tax was charged on certain dividend and investment income received during the years ended 31 December 2023 and 2022.

9 TRANSACTION COSTS

During the years ended 31 December 2023 and 2022, following transaction costs were incurred by the Fund.

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Brokerage fees	1,877,704	2,086,302
Other transaction costs	1,856,893	2,196,073
Transaction handling fees	<u>24,218</u>	<u>13,920</u>
	<u><u>3,758,815</u></u>	<u><u>4,296,295</u></u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 DISTRIBUTION TO DISTRIBUTION CLASSES

As referred to in note 6, the Manager may determine to make a distribution out of the net income and/or capital attributable to Distribution Classes. The table below summarises the dividend distribution made during the reporting period. The distribution is included in the statement of comprehensive income and is made to the Distribution Classes only.

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Total comprehensive loss for the year	<u>(59,623,886)</u>	<u>(445,668,102)</u>
Distributions to Distribution Classes unitholders during the year	<u>2,288,127</u>	<u>3,076,096</u>

The fund has no undistributed net income at the beginning of the year and at the end of the year.

The table below summarises the dividend distribution made during the reporting period.

Classes	2023	2022	Frequency	Ex-dividend dates*
C Units MDis USD	USD0.0196	USD0.0196	Monthly	Last business day of January to December
C Units MDis HKD	HKD0.0194	HKD0.0194	Monthly	Last business day of January to December
C Units MDis RMB	RMB0.0197	RMB0.0197	Monthly	Last business day of January to March
C Units MDis RMB	RMB0.0067	RMB0.0197	Monthly	Last business day of April to December
C Units MDis RMB Hedged	RMB0.0187	RMB0.0391	Monthly	Last business day of January to March
C Units MDis RMB Hedged	RMB0.0063	RMB0.0391	Monthly	Last business day of April to July
C Units MDis RMB Hedged	RMB0.0063	RMB0.0187	Monthly	Last business day of August to December

* Last business day of each month in 2023 are 31 January 2023, 28 February 2023, 31 March 2023, 28 April 2023, 31 May 2023, 30 June 2023, 31 July 2023, 31 August 2023, 29 September 2023, 31 October 2023, 30 November 2023 and 29 December 2023.

Last business day of each month in 2022 are 31 January 2022, 28 February 2022, 31 March 2022, 29 April 2022, 31 May 2022, 30 June 2022, 29 July 2022, 31 August 2022, 30 September 2022, 31 October 2022, 30 November 2022 and 30 December 2022.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SOFT DOLLAR ARRANGEMENTS

The Manager and/or any company associated with it and its delegates may enter into soft dollars/ commission sharing arrangements with brokers through which brokerage transactions are entered on behalf of clients under management. The Manager may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Fund (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out (the "brokers"). Soft dollars may be received from them provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of the customary full-service brokerage rates.

Such soft dollar benefits may include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services and software incidental to the above goods and services; clearing and custodian services and investment related publications. For the avoidance of doubt, soft dollar benefits do not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or direct money payments.

The Manager will consider many judgemental factors deemed relevant in determining whether a broker will provide best execution. In general, investment orders will be allocated to brokers based on the range and overall quality of services offered by the broker. The core factors in determining the quality of services are the execution performance and capability of the broker. Other factors, such as the quality and quantity of research and investment ideas offered, access to potential investee companies and commission rate charges, would also be taken into consideration. Soft dollar benefits received from brokers should not be a determinant factor on allocating orders among brokers. The Manager has implemented policies and procedures to ensure that transactions executed with brokers pursuant to a soft dollar commission sharing arrangement are conducted in the best execution standard. Soft dollars benefits received by the Manager are used to facilitate in the Manager's investment management process, such benefits assist the Manager in fulfilling its overall duty to clients and may be used in servicing any or all of the Manager's client accounts over which the Manager exercises investment discretion. The Manager does not usually attempt to allocate/ attribute the soft dollar benefits to individual client account, as goods and services obtained may be beneficial to all clients in general, including those client accounts that do not generate credit to acquire the soft dollar benefits.

For the year ended 31 December 2023, the Manager obtained the services through soft dollar arrangements on transactions amounting to US\$881,191,168 (2022: US\$919,441,643). The related commission that have been paid by the Fund for these transactions amounted to US\$1,150,885 (2022: US\$1,267,028).

12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 25 April 2024.

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 DECEMBER 2023

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
China			
Aier Eye Hospital Group Co Ltd A Shares (SZHK)	879,342	1,955,192	0.22
Changzhou Xingyu Automotive Lighting Systems Co Ltd A Shares (SHHK)	157,292	2,898,462	0.32
East Money Information Co Ltd A Shares (SZHK)	3,970,215	7,834,409	0.88
Eastern Air Logistics Co Ltd A Shares (SHHK)	3,413,212	7,090,270	0.79
Hongfa Technology Co Ltd A Shares (SHHK)	1,380,939	5,364,604	0.60
Jiangsu Hengrui Pharmaceuticals Co Ltd A SHARES (SHHK)	601,079	3,821,055	0.43
Kweichow Moutai Co Ltd A Shares (SHHK)	226,237	54,881,948	6.14
Luxshare Precision Industry Co Ltd A Shares (SZHK)	3,662,193	17,731,911	1.98
Maxscend Microelectronics Co Ltd A Shares (SZHK)	826,026	16,369,595	1.83
Ping An Insurance (Group) Co of China Ltd A Shares (SHHK)	814,573	4,613,815	0.52
Shenzhen Mindray Bio-Medical Electronics Co Ltd A Shares (SZHK)	255,800	10,447,713	1.17
Sichuan Kelun Pharmaceutical Co Ltd A SHARES (SZHK)	456,200	1,862,630	0.21
Will Semiconductor Co Ltd Shanghai A Shares (SHHK)	211,330	3,169,504	0.35
WuXi AppTec Co Ltd A Shares (SHHK)	368,700	3,770,430	0.42
		<u>141,811,538</u>	<u>15.86</u>
Hong Kong - H Shares			
China Life Insurance Co Ltd H Shares	7,016,000	9,089,351	1.02
China Merchants Bank Co Ltd H Shares	4,880,500	16,994,015	1.90
China Telecom Corp Ltd H Shares	37,772,000	18,084,411	2.02
Ping An Insurance (Group) Co of China Ltd H Shares	4,793,000	21,690,004	2.43
Poly Property Services Co Ltd H Shares	1,416,000	5,220,577	0.58
Sinopharm Group Co Ltd H Shares	3,964,400	10,378,476	1.16
		<u>81,456,834</u>	<u>9.11</u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2023

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
Hong Kong - Red Chips			
Beijing Tong Ren Tang Chinese Medicine Co Ltd	18,963,000	29,470,569	3.30
China Jinmao Holdings Group Ltd	25,608,000	2,458,667	0.28
China Mobile Ltd	861,500	7,146,495	0.80
China Resources Beer (Holdings) Co Ltd	670,000	2,933,349	0.33
Lenovo Group Ltd	3,594,000	5,024,160	0.56
SIIC Environment Holdings Ltd	203,232,980	28,358,514	3.17
		<u>75,391,754</u>	<u>8.44</u>
Hong Kong - Others			
AIA Group Ltd	3,143,200	27,381,859	3.06
ANTA Sports Products Ltd	2,066,600	20,040,191	2.24
BeiGene Ltd	125,700	1,771,680	0.20
Chervon Holdings Ltd	1,829,500	5,585,777	0.62
Luk Fook Holdings (International) Ltd	5,901,300	15,826,851	1.77
NetEase Inc	518,700	9,336,075	1.04
New Oriental Education & Technology Group Inc	928,600	6,567,858	0.73
Sands China Ltd	2,987,200	8,738,025	0.98
Shenzhou International Group Holdings Ltd	409,900	4,218,876	0.47
Techtronic Industries Co Ltd	832,000	9,910,658	1.11
Tencent Holdings Ltd	2,087,800	78,470,736	8.78
Xiamen Yan Palace Birds Nest Industry Co Ltd	1,157,200	1,333,257	0.15
Xiaomi Corp	7,369,200	14,716,608	1.65
Yum China Holdings Inc	82,466	3,507,013	0.39
		<u>207,405,464</u>	<u>23.19</u>

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2023

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
Taiwan			
Asia Vital Components Co Ltd	495,205	5,420,306	0.61
Gigabyte Technology Co Ltd	1,886,000	16,318,381	1.83
Hon Hai Precision Industry Co Ltd	2,911,000	9,894,919	1.11
Largan Precision Co Ltd	51,000	4,761,084	0.53
MediaTek Inc	234,000	7,725,661	0.86
Mega Financial Holding Co Ltd	4,622,284	5,893,814	0.66
Micro-Star International Co Ltd	3,718,000	24,671,372	2.76
MSSCORPS Co Ltd	814,000	3,746,576	0.42
Sporton International Inc	753,000	5,902,905	0.66
Sunonwealth Electric Machine Industry Co Ltd	2,504,000	8,755,814	0.98
Taiwan Semiconductor Manufacturing Co Ltd	4,388,000	84,639,886	9.47
Tong Yang Industry Co Ltd	3,434,000	8,489,217	0.95
TYC Brother Industrial Co Ltd	4,607,000	6,069,138	0.68
Unimicron Technology Corp	4,314,000	24,697,134	2.76
Universal Vision Biotechnology Co Ltd	380,540	3,428,734	0.38
Wistron NeWeb Corp	1,292,000	6,556,029	0.73
Yageo Corp	280,000	5,437,335	0.61
		232,408,305	26.00
The United States of America			
New Oriental Education & Technology Group Inc ADR	150,743	11,046,447	1.24
PDD Holdings inc ADR	571,189	83,570,663	9.35
TAL Education Group ADR	1,782,361	22,511,219	2.52
		117,128,329	13.11
Rights			
Taiwan			
Mega Financial Holding Co Ltd (Rights)	96,269	19,415	0.00

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2023

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Participation notes			
CICC Financial Trading Ltd (Centre Testing International Group Co Ltd A SHARES) P-note 1/4/2027	2,125,300	4,246,349	0.48
CICC Financial Trading Ltd (Qi An Xin Technology Group Inc A SHARES) P-note 9/7/2024	2,193,311	<u>12,372,467</u>	<u>1.38</u>
		<u>16,618,816</u>	<u>1.86</u>
Unlisted equity securities			
EganaGoldpfeil Holdings Ltd	6,885,464	-	-
Real Gold Mining Ltd	14,179,500	-	-
		<u>-</u>	<u>-</u>
Unlisted investment funds			
Value Partners Ireland Fund ICAV – Value Partners China A Shares Equity Fund Class X USD Unhedged Acc*	50,000	341,500	0.04
Value Partners Ireland Fund ICAV – Value Partners China A Shares High Dividend Fund Class X USD Unhedged Acc*	50,000	<u>411,500</u>	<u>0.05</u>
		<u>753,000</u>	<u>0.09</u>
Forward exchange contracts			
		<u>816,302</u>	<u>0.09</u>
Total financial assets at fair value through profit or loss			
		<u>873,809,757</u>	<u>97.75</u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2023

	Holdings	Fair value US\$	% of net assets
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
Forward exchange contracts		(7,908)	(0.00)
Total financial liabilities at fair value through profit or loss		(7,908)	(0.00)
Total investments, net		873,801,849	97.75
Total investments, at cost		935,243,016	

* *The investment funds are not authorised in Hong Kong and not available to the public in Hong Kong.*

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	% of net assets	
	2023	2022
Listed equity securities		
China	15.86	17.27
Hong Kong		
– H shares	9.11	16.41
– Red chips	8.44	10.02
– Others	23.19	30.07
Singapore	–	0.37
Taiwan	26.00	16.30
The United States of America	13.11	6.55
	<hr/>	<hr/>
	95.71	96.99
Rights		
Taiwan	0.00	–
Participation notes	1.86	1.50
Unlisted equity securities	–	–
Unlisted investment funds	0.09	1.78
Forward exchange contracts	0.09	0.07
	<hr/>	<hr/>
Total investments, net	<u>97.75</u>	<u>100.34</u>

**DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS
(UNAUDITED)**

AS AT 31 DECEMBER 2023

The Fund's financial derivative instruments at the reporting date are detailed below:

Financial assets:

Participation notes

	Underlying assets	Issuer	Fair value <i>US\$</i>
CICC Financial Trading Ltd (Qi An Xin Technology Group Inc A Shares) P-note 9/7/2024	Qi An Xin Technology Group Inc A Shares Centre Testing	CICC Financial Trading Ltd	12,372,467
CICC Financial Trading Ltd (Centre Testing International Group Co Ltd) P-note 1/4/2027	International Group Co Ltd	CICC Financial Trading Ltd	<u>4,246,349</u>
			<u><u>16,618,816</u></u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2023

Financial assets (Continued):

Forward exchange contracts

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
CNH	7,749	USD	1,093	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	2
USD	24,329,615	AUD	36,189,758	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	384,294
USD	7,138,817	CAD	9,610,825	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	124,735
USD	25,957,534	CNH	184,950,391	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	95,806
USD	18,584,054	CNH	132,413,502	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	68,591
USD	9,786,676	CNH	69,731,179	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	36,121
USD	31,122	CNH	221,949	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	143
USD	28,936	CNH	205,882	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	66
USD	13,746	CNH	98,039	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	65
USD	1,565	CNH	11,227	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	16
USD	2,853	CNH	20,360	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	15
USD	3,160	CNH	22,519	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	12

**DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS
(UNAUDITED) (Continued)**

AS AT 31 DECEMBER 2023

Financial assets (Continued):

Forward exchange contracts (Continued)

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
USD	2,161	CNH	15,380	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	6
USD	1,955	CNH	13,909	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	4
USD	1,311	CNH	9,329	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	4
USD	821	CNH	5,852	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	3
USD	4,174	CNH	29,648	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	2
USD	253	CNH	1,808	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	1
USD	5,880,713	NZD	9,451,194	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	106,411
USD	638	NZD	1,015	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	5
						816,302

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2023

Financial liabilities:

Forward exchange contracts

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
USD	508	CAD	670	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(1)
USD	1,321	CNH	9,362	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(2)
USD	964	HKD	7,519	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(0)
USD	127	HKD	990	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(0)
USD	7	HKD	53	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(0)
USD	7,313,109	HKD	57,062,758	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(2,324)
CNH	1,923	USD	268	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(3)
CNH	25,253	USD	3,547	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(11)

**DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS
(UNAUDITED) (Continued)**

AS AT 31 DECEMBER 2023

Financial liabilities (Continued):

Forward exchange contracts (Continued)

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
CNH	19,729	USD	2,765	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(14)
CNH	114,244	USD	16,079	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(15)
CAD	7,671	USD	5,779	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(19)
CNH	42,136	USD	5,911	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(24)
CNH	41,598	USD	5,836	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(24)
AUD	12,520	USD	8,509	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(41)
CNH	249,934	USD	35,078	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(130)
CNH	107,223	USD	14,942	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(162)
CNH	483,996	USD	67,960	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(219)

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2023

Financial liabilities (Continued):

Forward exchange contracts (Continued)

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
CNH	356,800	USD	49,982	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(280)
AUD	41,334	USD	27,832	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(394)
AUD	43,161	USD	28,927	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(548)
CNH	1,553,092	USD	218,193	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(585)
NZD	52,702	USD	32,639	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(746)
AUD	127,337	USD	85,944	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(1,014)
CNH	2,067,955	USD	289,954	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(1,352)
						<u>(7,908)</u>

INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)*FOR THE YEAR ENDED 31 DECEMBER 2023*

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the years ended 31 December 2023 and 2022.

	2023	2022
Lowest gross exposure	12.59%	12.51%
Highest gross exposure	62.58%	50.56%
Average gross exposure	21.20%	21.23%

The lowest, highest and average net exposure arising from the use of financial derivative instruments for investment purpose as a proportion to the Fund's total net asset value for the years ended 31 December 2023 and 2022.

	2023	2022
Lowest net exposure	-	-
Highest net exposure	-	-
Average net exposure	-	-

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

PERFORMANCE RECORD (UNAUDITED)

Net assets (at last traded price)

	2023	2022	2021
Net assets	US\$893,894,819	US\$1,037,132,390	US\$1,521,786,981
Net asset value per unit			
A Units	USD329.72	USD346.90	USD482.27
B Units	USD143.68	USD151.92	USD212.27
C Units USD	USD17.97	USD19.01	USD26.55
C Units RMB	RMB13.21	RMB13.65	RMB17.43
C Units AUD Hedged	AUD13.00	AUD14.11	AUD20.35
C Units CAD Hedged	CAD13.44	CAD14.40	CAD20.43
C Units HKD Hedged	HKD11.69	HKD12.52	HKD17.62
C Units NZD Hedged	NZD13.82	NZD14.83	NZD21.12
C Units RMB Hedged	RMB12.18	RMB13.30	RMB18.73
C Units MDis USD	USD7.27	USD7.92	USD11.39
C Units MDis HKD	HKD7.26	HKD7.90	HKD11.35
C Units MDis RMB	RMB7.62	RMB7.99	RMB10.51
C Units MDis RMB Hedged	RMB6.87	RMB7.61	RMB11.20
P Units USD	USD7.3094	USD7.7309	-
P Units classes RMB Hedged	RMB9.0267	RMB9.8577	RMB13.8810
P Units classes RMB Unhedged	RMB9.6877	RMB10.0194	RMB12.7980
X Units	USD10.64	USD11.11	USD15.38
Z Units	USD9.84	USD10.36	USD14.40

PERFORMANCE RECORD (UNAUDITED) (Continued)

Performance record for the past 10 years

	Highest issue price per unit								
	A Units	B Units	C Units						
			USD	RMB	AUD	CAD	HKD	NZD	RMB
			Hedged						
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>RMB</i>	<i>AUD</i>	<i>CAD</i>	<i>HKD</i>	<i>NZD</i>	<i>RMB</i>
2023	396.67	173.65	21.72	15.16	16.08	16.44	14.30	16.92	15.15
2022	481.36	211.86	26.50	17.41	20.31	20.39	17.59	21.08	18.70
2021	620.31	274.12	34.35	23.00	26.79	26.73	22.84	27.79	24.00
2020	516.47	228.34	28.61	19.31	22.35	22.25	19.00	23.15	19.94
2019	375.76	166.66	20.93	15.04	16.97	16.61	14.05	17.66	14.50
2018	412.64	184.71	23.16	15.31	19.23	18.76	15.93	19.69	16.04
2017	380.23	170.37	21.34	14.41	17.85	17.14	14.69	18.35	14.80
2016	281.21	126.76	15.99	10.93	13.17	12.83	10.84	13.21	10.49
2015	337.67	153.19	19.45	10.27	15.93	15.80	10.39	15.88	10.03
2014	267.03	121.39	15.31	-	12.42	12.24	-	12.28	-

	Highest issue price per unit								
	C Units	C Units	C Units	C Units	P Units	P Units	P Units	X Units	Z Units
				MDis		classes	classes		
				RMB		RMB	RMB		
	<i>USD</i>	<i>HKD</i>	<i>RMB</i>	<i>Hedged</i>	<i>USD</i>	<i>Hedged</i>	<i>Unhedged</i>	<i>USD</i>	<i>USD</i>
2023	9.06	9.06	8.88	8.67	8.7410	11.1077	10.9859	12.71	11.84
2022	11.37	11.33	10.50	11.18	10.2483	13.8451	12.7471	15.35	14.37
2021	15.10	14.91	14.15	14.82	-	17.4916	16.4926	20.23	18.50
2020	12.58	12.44	11.93	12.31	-	14.7665	14.0769	16.34	15.40
2019	9.54	9.46	9.77	9.34	-	10.7995	11.1842	11.27	11.38
2018	11.35	11.38	10.83	11.33	-	-	-	-	12.51
2017	10.55	10.54	10.52	10.52	-	-	-	-	11.52
2016	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

PERFORMANCE RECORD (UNAUDITED) (Continued)

Performance record for the past 10 years (Continued)

	Lowest redemption price per unit								
	A Units	B Units	C Units						
			USD	RMB	AUD	CAD	HKD	NZD	RMB
			Hedged						
	<i>USD</i>	<i>USD</i>	<i>USD</i>	<i>RMB</i>	<i>AUD</i>	<i>CAD</i>	<i>HKD</i>	<i>NZD</i>	<i>RMB</i>
2023	309.68	135.07	16.90	12.76	12.27	12.66	11.00	13.02	11.51
2022	264.69	116.02	14.51	10.88	10.87	11.03	9.57	11.40	10.25
2021	466.46	205.34	25.69	16.94	19.69	19.77	17.05	20.43	18.10
2020	285.45	126.47	15.88	11.68	12.69	12.52	10.66	13.25	11.00
2019	273.81	122.04	15.31	10.95	12.59	12.25	10.35	13.02	10.64
2018	278.60	124.19	15.58	11.14	12.82	12.48	10.54	13.26	10.81
2017	255.63	115.04	14.51	10.44	11.99	11.62	9.89	12.11	9.68
2016	281.21	126.76	15.99	10.93	13.17	12.83	10.84	13.21	10.49
2015	337.67	153.19	19.45	10.27	15.93	15.80	10.39	15.88	10.03
2014	267.03	121.39	15.31	-	12.42	12.24	-	12.28	-

	Lowest redemption price per unit								
	C Units	C Units	C Units	C Units	P Units	P Units	X Units	Z Units	
				MDis	classes	classes			
				RMB	RMB	RMB			
	<i>USD</i>	<i>HKD</i>	<i>RMB</i>	<i>Hedged</i>	<i>USD</i>	<i>Hedged</i>	<i>Unhedged</i>	<i>USD</i>	<i>USD</i>
	<i>USD</i>	<i>HKD</i>	<i>RMB</i>	<i>RMB</i>	<i>USD</i>	<i>RMB</i>	<i>RMB</i>	<i>USD</i>	<i>USD</i>
2023	6.88	6.88	7.37	6.51	6.8711	8.5306	9.3595	9.98	9.24
2022	6.09	6.11	6.42	5.90	5.9039	7.5944	7.9867	8.50	7.90
2021	11.04	11.00	10.23	10.86	-	13.4158	12.4374	14.87	13.93
2020	7.16	7.08	7.51	7.00	-	8.1712	8.6702	8.57	8.65
2019	7.21	7.19	7.36	7.13	-	8.9235	9.2481	9.21	8.30
2018	7.37	7.34	7.51	7.29	-	-	-	-	8.45
2017	9.64	9.67	9.59	9.63	-	-	-	-	9.96
2016	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-