

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

2023

**ANNUAL
REPORT**

For the year ended
31 December 2023



Value Partners Hong Kong Limited

43rd Floor, The Center

99 Queen's Road Central, Hong Kong

Tel: (852) 2880 9263 Fax: (852) 2565 7975

Email: vpl@vp.com.hk

Website: www.valuepartners-group.com



VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

CONTENTS

	<i>Page(s)</i>
General information	2-4
Manager's report	5-8
Statement of responsibilities of the Directors and the Manager	9
Custodian's report	10
Independent auditor's report	11-14
Statement of financial position	15
Statement of comprehensive income	16
Statement of changes in net assets attributable to redeemable participating shareholders	17-19
Statement of cash flows	20-21
Notes to the financial statements	22-68
Investment portfolio (unaudited)	69-78
Investment portfolio movements (unaudited)	79-80
Details in respect of financial derivative instruments (unaudited)	81-83
Information on exposure arising from financial derivative instruments (unaudited)	84
Performance record (unaudited)	85-88

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

GENERAL INFORMATION

Directors

Mr. Lam Wai Sing Wilson
Ms. Lam Mei Kuen Winnie
Mr. Kee Chong Li Kwong Wing

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

Custodian and Administrator's Delegate

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

Administrator

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
Grand Cayman
KY1-1104
Cayman Islands

Registered and Principal Office

Registered Office:
c/o Maples Corporate Services Limited
P. O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Office:

c/o Maples Fund Services
(Cayman) Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

Auditor

PricewaterhouseCoopers
P.O. Box 258
18 Forum Lane
Camana Bay
Grand Cayman
KY1-1104
Cayman Islands

Legal Advisors

With respect to Cayman Islands law
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

*With respect to Hong Kong and
International law*

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

Information available from:

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

Investor hotline: (852) 2143 0688

Fax : (852) 2565 7975

Email : fis@vp.com.hk

Website : www.valuepartners-group.com

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

GENERAL INFORMATION (Continued)

Recent awards and achievements

Fund awards	
2020	<ul style="list-style-type: none">• 2020 HKCAMA-Bloomberg Offshore China Fund Awards Best Total Return - Greater China Fixed Income (5-year) – Winner – <i>HKCAMA & Bloomberg</i>• Refinitiv Lipper Awards 2020 – Hong Kong Bond USD High Yield (5-Year) – <i>Refinitiv</i>• I&M Professional Investment Awards 2020 Asian High Yield (3-Years) Asian High Yield (5-Years) – <i>Insights and Mandates</i>
2019	<ul style="list-style-type: none">• 2019 HKCAMA-Bloomberg Offshore China Fund Awards – Best Total Return – Greater China Fixed Income 3-Year – Best Total Return – Greater China Fixed Income 5-Year – <i>HKCAMA & Bloomberg</i>• Lipper Fund Awards 2019 – Hong Kong Best US Dollar Bond Fund: High Yield (3 Years) Best US Dollar Bond Fund: High Yield (5 Years) – <i>Refinitiv</i>• Fund Selector Asia Awards Hong Kong 2019 High Yield Fund – Platinum Winner – <i>Fund Selector Asia</i>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

GENERAL INFORMATION (Continued)

Recent awards and achievements (Continued)

Corporate awards	
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>• IESG 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>• China Rankings Top 25 Foreign Firms in China Value Partners is ranked in the 16th 2022 – <i>Z-Ben Advisor</i>• Asian Investor 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

For the full year 2023, the Greater China High Yield Income Fund was up 4.3%.

Towards the end of the year, the Federal Reserve left interest rates unchanged this month, and its latest “dot plot” in December suggested that interest rate hikes are likely over, with the possibility of some cuts in 2024. As such, the 10-year Treasury yield dropped significantly as markets priced in an aggressive rate cut expectation.

As a result, both investment grade and high yield delivered positive returns, as the former benefited from their long duration exposure amid falling yields, while spread tightening, given the renewed investors' interest in the asset class, has boosted the returns of the latter.

The high yield market also enjoyed a relief rally towards the end of the year, given the positive news of a key issuer avoiding near-term liquidity risks through its successful negotiation with debt owners. In addition, Beijing and Shanghai relaxed restrictions on home purchases, which buoyed home buyers' sentiment.

Strategy and Outlook

Globally, economic data has become more mixed recently. While economic growth remains healthy, with GDP growth being revised upward, consumer spending and retail sales have softened. Meanwhile, inflation has also moderated. All these have triggered yet another round of “Fed Pivot” expectations, with the market now pricing for a “Goldilocks” scenario, with an interest rate cut as early as late Q2 2024.

We believe that current market expectations are somewhat ambitious, as central banks tend to be more prudent in any changes in policy direction. We also believe that the current forecast of a “soft landing” in the US economy is also not without risk, as it would take time for monetary tightening to show its impact on the economy.

That said, we do agree that there is room for an interest rate cut in the second half as the economy slows further. However, given the current aggressive pricing of the market, we believe there could potentially be some volatility in the coming months as investors adjust their expectations on monetary policy.

While near-term headwinds should remain for high yield, we expect the asset class to turn more attractive once base yields stabilize over the medium term, as investors will likely be pushed towards the asset class to seek income, while loosened monetary conditions could also be more supportive for high yield issuers.

Regionally speaking, we believe the large divergence in valuations between Chinese/Asian and US assets could look to mean-revert in the coming quarters, given the likely convergence of economic growth and monetary policy. Monetary tightening globally has constrained further stimulus by the authorities in China, given the risk of capital outflows and renminbi depreciation. As the cycle turns, we believe there is more room for the government to provide further stimulus to support growth in 2024.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

MANAGER'S REPORT (Continued)

Strategy and Outlook (Continued):

In China, although economic data remains weak, there are early signs of stabilization and gradual recovery. The government continues to provide liquidity and support to the market. Volatility will likely remain in the Chinese property sector in the near term as both demand and sales continue to be lackluster. Beijing and Shanghai relaxed restrictions on home purchases, with measures including cuts in down payment ratio/interest rates and max loan term extension. The moves were aimed at reducing financial burdens on homebuyers and will help boost home sales and stabilize the real estate market, but we will need to monitor closely the implementation. Therefore, our focus will continue to be on other sectors, such as consumption, industrials, and names in the broader Asian region.

Overall, we continue to see opportunities in the Asian market. We will remain active and nimble in managing the portfolio to achieve both income and growth while managing risks.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

MANAGER'S REPORT (Continued)

Value Partners Greater China High Yield Income Fund – NAV as at 31 December 2023

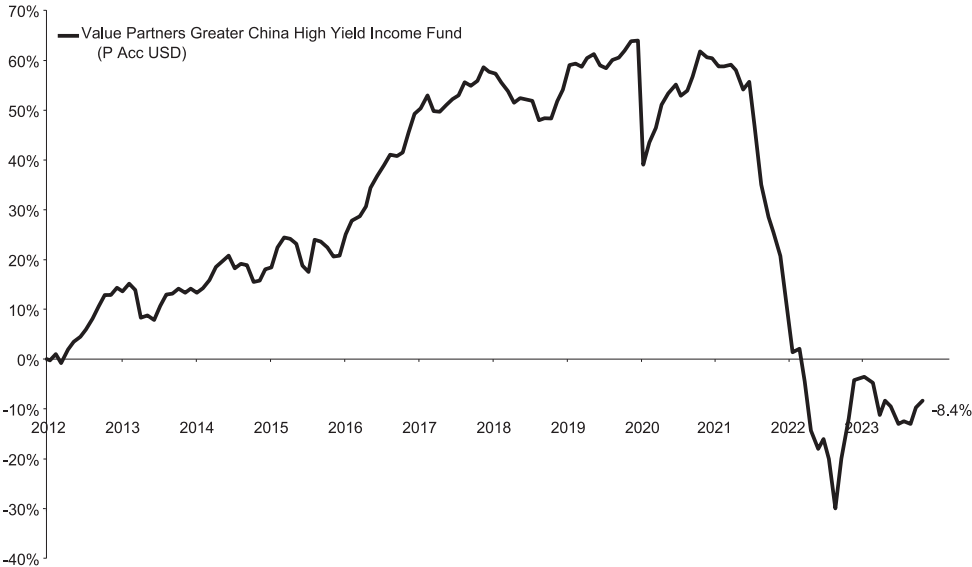
Classes	NAV per unit
P Acc USD	US\$9.16
P MDis USD	US\$3.10
P Acc HKD	HKD9.15
P MDis HKD	HKD3.11
P MDis SGD Hedged	SGD3.33
A MDis AUD Hedged	AUD2.92
A MDis CAD Hedged	CAD3.04
A Acc EUR Hedged	EUR5.41
A MDis EUR Hedged	EUR3.25
A MDis GBP Hedged	GBP3.08
A MDis NZD Hedged	NZD3.07
A MDis RMB Hedged	RMB3.50
A MDis RMB Unhedged	RMB3.61
A Acc RMB Hedged	RMB8.46
z MDis USD	US\$3.53
z Acc USD	US\$7.99
X Acc USD	US\$6.92

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

MANAGER’S REPORT (Continued)

Performance since launch
From 28 March 2012 to 31 December 2023



Fund performance mentioned is referred to Value Partners Greater China High Yield Income Fund. 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 GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS AND THE MANAGER

Directors' and Manager's responsibilities

The Directors and the Manager, Value Partners Hong Kong Limited, (the "Management") 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 amended and restated Memorandum and Articles of Association dated 5 March 2012 (as amended) to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of Value Partners Greater China High Yield Income Fund (the "Fund") at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Management 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 Management is also required to manage the Fund in accordance with the amended and restated Memorandum and Articles of Association dated 5 March 2012 (as amended) and take reasonable steps for the prevention and detection of fraud and other irregularities.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

CUSTODIAN'S REPORT

We hereby confirm that, in our opinion, the Manager, Value Partners Hong Kong Limited has, in all material respects, managed Value Partners Greater China High Yield Income Fund in accordance with the provisions of the amended and restated Memorandum and Articles of Association dated 5 March 2012 (as amended) for the year ended 31 December 2023.

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

Custodian
25 April 2024

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND FOR THE SHAREHOLDERS (AS A BODY)

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Value Partners Greater China High Yield Income Fund (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.

What we have audited

The Fund's financial statements 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 redeemable participating shareholders 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.

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). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND FOR THE SHAREHOLDERS (AS A BODY) (Continued)

Report on the audit of the financial statements (Continued)

Other information

The Board of Directors and Manager (collectively, the Management) are responsible for the other information. The other information comprises the Annual Report (but does not include 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 identified above 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 Management for the financial statements

Management 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 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, Management 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 Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

In addition, Management is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Memorandum and Articles of Association dated 5 March 2012 (as amended) (the Memorandum and Articles of Association) and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the SFC Code).

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF VALUE PARTNERS GREATER CHINA HIGH
YIELD INCOME FUND FOR THE SHAREHOLDERS (AS A BODY) (Continued)**

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. 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 Memorandum and Articles of Association 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 Management.
- Conclude on the appropriateness of 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 those charged with governance 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.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND FOR THE SHAREHOLDERS (AS A BODY) (Continued)

Report on the audit of the financial statements (Continued)

Other matter

This report, including the opinion, has been prepared for and only for the Fund in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on Matters under the Relevant Disclosure Provisions of the Memorandum and Articles of Association 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 Memorandum and Articles of Association and Appendix E of the SFC Code.

PricewaterhouseCoopers

P.O. Box 258,
18 Forum Lane,
Camana Bay,
Grand Cayman, KY1-1104,
Cayman Islands

25 April 2024

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)	468,402,786	574,266,910
Amounts receivable on issue of shares		52,587	1,103,968
Dividend, interest receivable and other receivables		171,473	3,130,542
Margin deposits		881,329	609,624
Cash and cash equivalents		<u>13,411,251</u>	<u>12,039,151</u>
Total assets		<u>482,919,426</u>	<u>591,150,195</u>
Equity			
Administrative shares	6	<u>100</u>	<u>100</u>
Total equity		<u>100</u>	<u>100</u>
Liabilities			
Current liabilities			
Financial liabilities at fair value through profit or loss	4(d)	963	98,644
Amounts payable on redemption of shares		824,299	449,313
Management fees payable		583,475	711,201
Distributions payable to redeemable participating shareholders	10	2,776,139	4,123,402
Accruals and other payables		<u>134,509</u>	<u>504,543</u>
Liabilities (excluding net assets attributable to redeemable participating shareholders)		<u>4,319,385</u>	<u>5,887,103</u>
Net assets attributable to redeemable participating shareholders	6	<u><u>478,599,941</u></u>	<u><u>585,262,992</u></u>

Signed by:
Director

The notes on pages 22 to 68 are an integral part of these financial statements.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note(s)	2023 US\$	2022 US\$
Income			
Dividends		101,302	692,775
Net realised losses on investments		(315,675,012)	(558,129,044)
Change in unrealised gains/losses on investments		348,955,860	151,665,952
Interest on deposits	7(g)	265,128	247,969
Net foreign exchange losses		(214,726)	(4,992,172)
Other income	7(h)	<u>643,280</u>	<u>1,776,050</u>
		<u>34,075,832</u>	<u>(408,738,470)</u>
Expenses			
Management fees	7(a)	(7,899,932)	(12,061,781)
Administration and custodian fees	7(b)	(722,068)	(1,095,591)
Safe custody and bank charges	7(g)	(74,005)	(145,963)
Interest expenses	7(g)	(42,732)	(15,175)
Transaction costs	7(g) & 9	(36,149)	(248,673)
Auditor's remuneration		(42,680)	(42,620)
Legal and professional fees		(473,743)	(1,407,994)
Other operating expenses	7(c), 7(g)	<u>(485,454)</u>	<u>(2,069,102)</u>
		<u>(9,776,763)</u>	<u>(17,086,899)</u>
Profit/(loss) before tax		24,299,069	(425,825,369)
Withholding tax on dividends and other investment income	8(c)	<u>(2,840)</u>	<u>(35,705)</u>
Profit/(loss) after tax and before distributions		24,296,229	(425,861,074)
Finance cost			
Distributions to redeemable participating shareholders	10	<u>(41,541,356)</u>	<u>(75,128,384)</u>
Decrease in net assets attributable to redeemable participating shareholders from operations		<u>(17,245,127)</u>	<u>(500,989,458)</u>

The notes on pages 22 to 68 are an integral part of these financial statements.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 US\$	2022 US\$
Net assets attributable to redeemable participating shareholders as at beginning of the year	585,262,992	1,467,475,819
Issue of shares	33,854,102	49,904,779
Redemption of shares	(123,272,026)	(431,128,148)
Net decrease from capital transactions	(89,417,924)	(381,223,369)
Profit/(loss) after tax and before distributions	24,296,229	(425,861,074)
Distributions to redeemable participating shareholders	(41,541,356)	(75,128,384)
Decrease in net assets attributable to redeemable participating shareholders from operations after distributions	(17,245,127)	(500,989,458)
Net assets attributable to redeemable participating shareholders as at end of the year	478,599,941	585,262,992

The notes on pages 22 to 68 are an integral part of these financial statements.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

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

Number of shares	As at 1 January	Issue of shares	Redemption of shares	As at 31 December
2023				
Class P USD Acc	3,077,154	457,480	(1,348,996)	2,185,638
Class P USD MDis	54,334,193	1,132,441	(10,266,380)	45,200,254
Class P HKD Acc	4,212,986	136,358	(1,170,484)	3,178,860
Class P HKD MDis	509,661,786	40,632,276	(111,049,659)	439,244,403
Class P SGD Hedged MDis	3,612,857	868	(641,645)	2,972,080
Class A AUD Hedged MDis	20,806,602	556,465	(2,859,552)	18,503,515
Class A CAD Hedged MDis	4,040,142	149,846	(1,462,095)	2,727,893
Class A EUR Hedged Acc	122,295	176,991	(271,805)	27,481
Class A EUR Hedged MDis	2,304,549	22,930	(800,864)	1,526,615
Class A GBP Hedged MDis	2,258,722	19,865	(457,534)	1,821,053
Class A NZD Hedged MDis	4,366,358	340,032	(1,572,513)	3,133,877
Class A MDis RMB Hedged	9,776,644	4,593,526	(4,965,899)	9,404,271
Class A MDis RMB Unhedged	1,730,940	92	(1,023,707)	707,325
Class A Acc RMB Hedged	390,929	427,315	(390,929)	427,315
Class z USD MDis	6,029,177	–	(464,009)	5,565,168
Class z USD Acc	6,001,114	104,391	(466,650)	5,638,855
Class X USD Acc	19,739	18,728	(15,732)	22,735

The notes on pages 22 to 68 are an integral part of these financial statements.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO REDEEMABLE PARTICIPATING SHAREHOLDERS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

The movement of number of shares in issue during the years was as follows: (Continued)

Number of shares	As at 1 January	Issue of shares	Redemption of shares	As at 31 December
2022				
Class P USD Acc	4,614,315	118,247	(1,655,408)	3,077,154
Class P USD MDis	88,638,269	1,220,704	(35,524,780)	54,334,193
Class P HKD Acc	6,296,980	536,341	(2,620,335)	4,212,986
Class P HKD MDis	774,512,813	45,228,198	(310,079,225)	509,661,786
Class P SGD Hedged MDis	6,047,746	65,469	(2,500,358)	3,612,857
Class A AUD Hedged MDis	27,705,953	673,534	(7,572,885)	20,806,602
Class A CAD Hedged MDis	4,595,050	40,166	(595,074)	4,040,142
Class A EUR Hedged Acc	204,079	99,403	(181,187)	122,295
Class A EUR Hedged MDis	3,678,648	122,324	(1,496,423)	2,304,549
Class A GBP Hedged MDis	3,020,746	59,148	(821,172)	2,258,722
Class A NZD Hedged MDis	5,638,063	44,601	(1,316,306)	4,366,358
Class A MDis RMB Hedged	11,183,775	136,071	(1,543,202)	9,776,644
Class A MDis RMB Unhedged	1,791,315	133	(60,508)	1,730,940
Class A Acc RMB Hedged	555,086	-	(164,157)	390,929
Class z USD MDis	21,222,354	1,255,838	(16,449,015)	6,029,177
Class z USD Acc	7,092,000	1,260,886	(2,351,772)	6,001,114
Class X USD Acc	43,637	-	(23,898)	19,739

The notes on pages 22 to 68 are an integral part of these financial statements.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 US\$	2022 US\$
Cash flows from operating activities		
Decrease in net assets attributable to redeemable participating shareholders from operations	(17,245,127)	(500,989,458)
Adjustments for:		
Dividends	(101,302)	(692,775)
Interest on deposits	(265,128)	(247,969)
Distribution to redeemable participating shareholders	41,541,356	75,128,384
Withholding tax on dividends and other investment income	2,840	35,705
Interest expenses	42,732	15,175
	<u>23,975,371</u>	<u>(426,750,938)</u>
Decrease in financial assets at fair value through profit or loss	105,864,124	814,990,248
Decrease in financial liabilities at fair value through profit or loss	(97,681)	(809,427)
Increase in margin deposits	(271,705)	(412,799)
Decrease in amounts receivable on sales of investments	-	6,284,798
Decrease in amounts payable on purchase of investments	-	(10,912,547)
Decrease in other receivables	2,965,019	9,788,146
Decrease in management fees payable	(127,726)	(1,124,219)
(Decrease)/increase in accruals and other payables	<u>(358,923)</u>	<u>256,294</u>
Cash generated from operations	131,948,479	391,309,556
Dividends received	98,462	680,631
Interest on deposits received	259,178	243,007
Interest expenses paid	<u>(53,843)</u>	<u>(3,744)</u>
Net cash inflow from operating activities	<u>132,252,276</u>	<u>392,229,450</u>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

STATEMENT OF CASH FLOWS (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 US\$	2022 US\$
Cash flows from financing activities		
Distributions paid to redeemable participating shareholders	(42,888,619)	(81,371,260)
Proceeds from issue of redeemable participating shares	34,905,483	51,751,543
Payments on redemption of redeemable participating shares	<u>(122,897,040)</u>	<u>(432,649,423)</u>
Net cash outflow from financing activities	<u><u>(130,880,176)</u></u>	<u><u>(462,269,140)</u></u>
Net increase/(decrease) in cash and cash equivalents	1,372,100	(70,039,690)
Cash and cash equivalents as at beginning of the year	<u>12,039,151</u>	<u>82,078,841</u>
Cash and cash equivalents as at end of the year, representing bank balances	<u><u>13,411,251</u></u>	<u><u>12,039,151</u></u>

The notes on pages 22 to 68 are an integral part of these financial statements.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Value Partners Greater China High Yield Income Fund (the “Fund”) is an open-ended investment company incorporated as an exempted company with limited liability in the Cayman Islands on 3 February 2012 (date of incorporation). The Fund is registered under the Mutual Funds Act (revised) of the Cayman Islands, governed by the laws of the Cayman Islands and regulated by the Cayman Islands Monetary Authority. With effect from 20 June 2013, 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 aims to provide capital appreciation for investors. In addition, in respect of the Distribution Classes, the Fund also intends to pay monthly dividends equal to all or substantially all of the net income attributable to each of the Distribution Classes. Please note that there is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout. The Fund's investment activities are managed by Value Partners Hong Kong Limited (the “Manager”). The Fund's administration is delegated to HSBC Institutional Trust Services (Asia) Limited, an affiliate of HSBC Trustee (Cayman) Limited (the “Administrator”). The registered office is c/o Maples Corporate Services Limited and address is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and principal office is c/o Maples Fund Services (Cayman) Limited and address is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

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 Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies.

All references to net assets throughout this document refers to net assets attributable to redeemable participating shareholders unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

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.

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.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(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.

(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.

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)

(i) Classification (Continued)

– 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 management 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.

(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 through profit or loss are presented in the statement of comprehensive income in the year in which they arise.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)

(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. The fair value of debt securities not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Refer to note 4(d) for the details of valuation techniques used.

Investments in investee funds are stated at fair value based on the net asset value per unit/shares 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 on bank deposits is recognised in the statement of comprehensive income on a time-proportionate basis using the effective interest method.

Interest 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 profit or loss as an expense.

(h) Distributions to redeemable participating shareholders

Proposed distributions to redeemable participating shareholders 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 redeemable participating shares is recognised in the statement of comprehensive income.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Fund currently has a legally enforceable right to set-off 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.

(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 redeemable participating shareholders in United State 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”.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

(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 and other short-term highly liquid investments with original maturities of 3 months or less. Bank overdrafts are shown in current liabilities in the statement of financial position.

(m) Collaterals

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

(n) Share capital

(i) Administrative shares

Administrative shares of the Fund are classified as equity.

(ii) Redeemable participating shares

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

The redeemable participating shares will be issued when the signed application for subscription or switching of shares 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 shares 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 shareholders may not exceed 30 days. The amounts payable on redemption of shares are recognised when the redemption requests are received but not yet settled.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 investments held by the Fund included unlisted equity securities of US\$Nil (2022: US\$4,327,903), quoted debt securities of US\$Nil (2022: US\$585,278) and unquoted debt securities of US\$3,328,369 (2022: US\$7,200,766) and unlisted investment funds of US\$13,633,250 (2022: US\$25,921,750), which are classified as level 3 investments. Refer to Note 4(d) for further details.

Fair value of securities that are suspended from trading and level 3 investment

As at 31 December 2023, the investment held by the Fund included listed equities securities which is suspended from trading of US\$Nil (2022: US\$Nil), which is classified as level 3 investments. Refer to Note 4(d) for further details.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 and equity related derivatives. Monetary investments include debt securities and currency forwarding.

	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 2023				
Australian dollar	–	36,635,091	+/-5	+/-1,831,755
Canadian dollar	–	6,229,671	+/-3	+/-186,890
Euro	–	5,627,254	+/-6	+/-337,635
Hong Kong dollar*	337,468	(859,962)	+/-0	–
New Zealand dollar	–	6,059,832	+/-5	+/-302,992
Pound sterling	–	7,090,534	+/-5	+/-354,527
Renminbi	–	5,139,268	+/-5	+/-256,963
Singapore dollar	–	7,460,333	+/-2	+/-149,207
	<u>337,468</u>	<u>73,382,021</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.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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			
	Non- monetary net assets US\$ equivalent	Monetary net assets US\$ equivalent	Percentage change %	Estimated impact on net assets US\$
As at 31 December 2022				
Australian dollar	–	43,633,891	+/-5	+/-2,181,695
Canadian dollar	–	9,532,441	+/-5	+/-476,622
Euro	8,473	9,129,573	+/-5	+/-456,902
Hong Kong dollar*	8,173,289	6,104,811	+/-0	–
New Zealand dollar	–	8,986,577	+/-5	+/-449,329
Pound sterling	–	8,836,855	+/-5	+/-441,843
Renminbi	–	5,742,266	+/-5	+/-287,113
Singapore dollar	–	9,752,122	+/-5	+/-487,606
	<u>8,181,762</u>	<u>101,718,536</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.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 asset.

The table below shows the analysis based on the country where the issuer is domiciled or operate:

	% of net assets	
	2023	2022
Financial assets at fair value through profit or loss		
Listed equity securities		
Hong Kong		
– H Shares	–	0.41
– Others	0.07	0.60
– Red Chips	–	0.39
Singapore	–	0.00
	<hr/>	<hr/>
	0.07	1.40
	<hr/>	<hr/>
Unlisted equity securities		
The United States of America	–	0.74
	<hr/>	<hr/>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 assets at fair value through profit or loss		
(Continued)		
Quoted debt securities		
Canada	–	0.40
China	34.21	50.35
Great Britain	3.85	–
Hong Kong	15.91	9.78
India	3.03	6.08
Indonesia	19.41	9.07
Japan	0.35	0.52
Macau	13.12	9.87
Mongolia	2.38	2.99
Philippines	0.30	–
Russia	–	–
Singapore	0.52	0.49
South Korea	–	0.05
The United States of America	0.82	0.53
United Arab Emirates	0.13	–
	<hr/>	<hr/>
	94.03	90.13
	-----	-----

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 assets at fair value through profit or loss		
(Continued)		
Unlisted investment funds		
Cayman Islands	2.85	4.43
Ireland	—	0.00
	<u>2.85</u>	<u>4.43</u>
Unquoted debt securities		
Hong Kong	—	—
Malaysia	—	0.01
The United States of America	0.70	1.21
	<u>0.70</u>	<u>1.22</u>
Forward exchange contracts		
	<u>0.22</u>	<u>0.20</u>
	<u>97.87</u>	<u>98.12</u>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)	(0.02)
	(0.00)	(0.02)

As at 31 December 2023 and 2022, the Fund had no notional exposure to a single individual derivative security greater than 10% of the total notional exposure of the Fund's investments.

As the Fund predominantly invests in debt securities and related financial instruments, the market risk sensitivity analysis on these investments is covered under interest rate risk in note 4(a)(iii). As at 31 December 2023 and 2022, the Fund also held investments other than debt securities and was susceptible to market price risk arising from uncertainties about future value of these investments. These investments, including equity securities are available for purchase and sales. If the prices of equity securities had increased/decreased by 20% (2022: 10%), the Fund's profits for the year would have resulted in an increase/decrease of US\$93,601 (2022: US\$798,964). Details about the derivatives held by the Fund are shown in note 4(e).

The table below shows the analysis of quoted and unquoted debt securities by industry.

	2023	2022
	%	%
Banks	7.22	3.10
Consumer services	17.30	12.80
Diversified financials	5.12	8.80
Energy	12.24	6.20
Materials	9.89	10.40
Real estate	17.20	32.20
Transportation	3.09	8.00
Others	27.94	18.50
	100.00	100.00

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Fund holds fixed interest securities that expose it to fair value interest rate risk. The deposits with brokers, overdrafts with bank and cash and cash equivalents expose the Fund to cash flow interest rate risk.

The table below summarises the Fund's exposure to interest rate risk, categorised by the earlier of contractual repricing and maturity dates.

	Interest bearing			Non-interest bearing US\$	Total US\$
	Less than 1 year US\$	1 to 5 years US\$	Over 5 years US\$		
As at 31 December 2023					
Assets					
Financial assets at fair value through profit or loss	76,805,474	244,535,864	132,048,041	15,013,407	468,402,786
Margin deposits	881,329	-	-	-	881,329
Cash and cash equivalents	13,411,251	-	-	-	13,411,251
	91,098,054	244,535,864	132,048,041	15,013,407	482,695,366
Liabilities					
Financial liabilities at fair value through profit or loss	-	-	-	(963)	(963)
Interest sensitivity gap	91,098,054	244,535,864	132,048,041		

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk (Continued)

	Interest bearing			Non-interest bearing	Total
	Less than 1 year US\$	1 to 5 years US\$	Over 5 years US\$		
As at 31 December 2022					
Assets					
Financial assets at fair value through profit or loss	69,075,848	391,745,591	73,871,232	39,574,239	574,266,910
Margin deposits	609,624	-	-	-	609,624
Cash and cash equivalents	12,039,151	-	-	-	12,039,151
	<u>81,724,623</u>	<u>391,745,591</u>	<u>73,871,232</u>	<u>39,574,239</u>	<u>586,915,685</u>
Liabilities					
Financial liabilities at fair value through profit or loss	-	-	-	(98,644)	(98,644)
Interest sensitivity gap	<u>81,724,623</u>	<u>391,745,591</u>	<u>73,871,232</u>		

Financial assets and liabilities not disclosed in the above tables are non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Interest rate risk (Continued)

Fair value interest rate risk

The table below summarises the sensitivity of the Fund's net assets to interest rate movements.

The analysis is based on the assumptions that the interest rate increased/decreased by the stated percentage with all other variables held constant.

	Percentage change		Estimated impact on net assets	
	2023 %	2022 %	2023 US\$	2022 US\$
Interest rate	+/-0.5	+/-0.5	-4,296,420/ +4,325,487	-6,576,008/ +6,707,520

Cash flow interest rate risk

As at 31 December 2023, if the interest rates on interest bearing cash and cash equivalents and margin deposits had been 50 (2022: 50) basis points higher/lower with all other variables held constant, the net assets would have been approximately US\$67,056 higher/lower (2022: US\$63,244 higher/lower).

(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 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.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The table below summarises the credit quality of the Fund's portfolio of debt securities held in long position as at the reporting date. The credit ratings are referenced to the ratings issued by Moody's, S&P and Fitch.

	2023 US\$	2022 US\$
Credit rating (Moody's/S&P/Fitch)		
Aa2/AA	-	300,539
A1/A+	2,278,870	20,357,869
A2/A	3,037,700	495,350
A3/A-	-	3,100,080
Baa2/BBB	30,369,672	31,599,054
Baa3/BBB-	32,693,610	16,231,382
Ba1/BB+	10,876,340	298,911
Ba2/BB	46,838,885	24,880,504
Ba3/BB-	83,585,761	108,254,013
B1/B+	44,468,673	46,063,620
B2/B	25,557,843	4,072,549
B3/B-	45,144,655	49,930,031
Caa1/CCC+/CCC	27,573,370	21,926,180
Caa2/CCC	199,045	-
Caa3/CCC-/CCC	668,718	4,422,820
C/D	15,944,661	1,439,030
Unrated*	84,151,576	201,320,739
	<u>453,389,379</u>	<u>534,692,671</u>

* In order to monitor the credit quality of the "Unrated" debt securities, the Manager, on the basis of internal research, prepares its own assessment. The Manager reviews the key financial metrics of the issue and structural features of the instruments and concludes these "Unrated" debt securities in general have a relatively low risk of default. The Manager considers there is no significant risk on the unrated debt securities at the reporting date as there was limited history of default on the unrated debt securities in the past. As at 31 December 2023, except for 15 debt securities (2022: 18) of US\$4,374,598 (2022: US\$6,396,291) which were in default. Refer to note 4(d) for further details on those defaulted debt securities.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The table below summarises the unrated debt securities as stated in the table above by their issuers' credit rating as at the reporting date.

	2023 US\$	2022 US\$
Credit rating (Moody's/S&P/Fitch)		
A1/A+	2,088,755	-
A3/A-	4,199,757	-
Baa1/BBB+	2,779,933	-
Baa3/BBB-	6,098,760	-
Ba1/BB+	-	6,343,814
Ba2/BB	11,952,335	-
B3/B-	4,720,892	-
Caa1/CCC+/CCC	9,706,603	-
C/D	143,109	-
Unrated	42,461,432	194,976,925
	<u>84,151,576</u>	<u>201,320,739</u>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 as at the reporting date. The credit ratings are referenced to the ratings issued by Moody's.

Counterparty	2023 US\$	2022 US\$
Cash and cash equivalents		
Aa2	13,249,643	–
Aa3	–	11,878,718
A1	161,608	160,433
Margin deposits		
Aa2	766,112	–
Aa3	115,217	609,624
Financial assets at fair value through profit or loss		
Aa2	468,402,786	–
Aa3	–	574,266,910
Amounts receivable on issue of shares		
Unrated	52,587	1,103,968

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. As at 31 December 2023, amounts receivable on sales of investments, amounts receivable on issue of shares, dividend, interest receivable and other receivables, margin deposits and Cash and cash equivalents held with counterparties with a credit rating of A1 (2022: A1) 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 as shown in the statement of financial position.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Fund issues Class P Shares, Class z Shares, Class A Shares and Class I Shares. All shares are exposed to daily redemptions. The Manager may limit the total redemption on any dealing day to 10% of the Fund's net assets.

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\$
Financial liabilities at fair value through profit or loss	963	98,644
Amounts payable on redemption of shares	824,299	449,313
Management fees payable	583,475	711,201
Distributions payable to redeemable participating shareholders	2,776,139	4,123,402
Accruals and other payables	134,509	504,543
Net assets attributable to redeemable participating shareholders	<u>478,599,941</u>	<u>585,262,992</u>
	<u>482,919,326</u>	<u>591,150,095</u>

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

The Fund and its counterparties have elected to settle all the financial assets and liabilities on a gross basis. Although, each party has the option to settle the financial assets and liabilities below on a net basis in the event of default of the other party. An event of default may include failure to pay or deliver, breach of agreement or bankruptcy. Accordingly, all the financial assets and liabilities has been recognised in the statement of financial position on a gross basis.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

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 US\$	2022 US\$
Gross amounts of recognised financial assets		
Forward exchange contracts	1,042,689	1,142,824
Margin deposits*	<u>881,329</u>	<u>609,624</u>
Net amounts of financial assets presented in the statement of financial position	<u><u>1,924,018</u></u>	<u><u>1,752,448</u></u>
Gross amounts of recognised financial liabilities		
Forward exchange contracts	<u>(963)</u>	<u>(98,644)</u>
Net amounts of financial liabilities presented in the statement of financial position	<u><u>(963)</u></u>	<u><u>(98,644)</u></u>
Net amount	<u><u>1,923,055</u></u>	<u><u>1,653,804</u></u>

* As at 31 December 2023, the amount of margin deposit of US\$766,058 (2022: US\$499,965) out of US\$881,329 (2022: US\$ 609,624) was subject to the two (2022: two) passive hedging arrangements.

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 redeemable participating shareholders 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 redeemable participating shareholders.

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 redeemable participating shareholders 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 redeemable participating shareholders 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	13.25
As at 31 December 2022	
Investor 1	10.63

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 at the reporting date.

	Level 1 US\$	Level 2 US\$	Level 3** US\$	Total US\$
As at 31 December 2023				
Financial assets at fair value through profit or loss				
Listed equity securities	337,468	–	0*	337,468
Quoted debt securities	–	450,061,010	–	450,061,010
Unlisted investment funds	–	–	13,633,250	13,633,250
Unquoted debt securities	–	–	3,328,369	3,328,369
Forward exchange contracts	–	1,042,689	–	1,042,689
	<u>337,468</u>	<u>451,103,699</u>	<u>16,961,619</u>	<u>468,402,786</u>
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	–	(963)	–	(963)

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 at fair value through profit or loss				
Listed equity securities	8,173,289	–	0*	8,173,289
Unlisted equity securities	–	–	4,327,903	4,327,903
Quoted debt securities	–	526,906,627	585,278	527,491,905
Unlisted investment funds	–	8,473	25,921,750	25,930,223
Unquoted debt securities	–	–	7,200,766	7,200,766
Forward exchange contracts	–	1,142,824	–	1,142,824
	<u>8,173,289</u>	<u>528,057,924</u>	<u>38,035,697</u>	<u>574,266,910</u>

Financial liabilities at fair value through profit or loss

Forward exchange contracts	–	(98,644)	–	(98,644)
----------------------------	---	----------	---	----------

* As at 31 December 2023 and 2022, listed equity securities include one investment whose trading was suspended.

** As at 31 December 2023 and 2022, the quoted debt securities valued based on broker quotes with discounts applied or they were in default stage. For the unlisted investment funds, the investee fund was holding private investments and please refer to note 5 for details. For the unquoted debt securities, they either were private debt securities without broker quote or they were in default stage.

Investments whose values are based on quoted market prices or broker quotes in active markets, and therefore classified within level 1, include listed equity securities. The Fund does not adjust the quoted price for these instruments.

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, which are valued using last transacted prices with discounts applied when there is no quotes or based on quotes where no trade has been observed. Such investments are usually valued based on quotation provided by relevant market maker but no transaction has been observed. Level 3 investments included unlisted equity securities totaling US\$Nil (2022: US\$4,327,903), quoted debt securities totaling US\$Nil (2022: US\$585,278) and unquoted debt securities totaling US\$3,328,369 (2022: US\$7,200,766) and unlisted investment funds totaling US\$13,633,250 (2022: US\$25,921,750).

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

Investments classified within Level 3 have significant unobservable inputs as there are no readily available quoted market prices. During the years ended 31 December 2023 and 2022, the Fund invests in the quoted debt security of Bank Otkritie Financial Corp OJSC Via OFCB Capital PLC 10% 4/26/2019 which has been suspended for trading due to the economic sanctions in relation to Russia and has assessed the fair value of such quoted debt security at zero value as at 31 December 2023 and 2022.

The table below summarises the key unobservable inputs adopted by the Manager in determining the fair value.

	Fair value US\$	Valuation technique	Unobservable inputs	Range of inputs
As at 31 December 2023				
Unlisted investment funds	13,633,250	Net asset value per unit	Underlying private investments	N/A
Unquoted debt securities	3,328,369	Use of quoted market prices for similar Instruments	Quoted price of similar instruments	N/A
As at 31 December 2022				
Unlisted equity securities	4,327,903	Market approach	Risk adjusted discount rate	53% - 88%
Single quoted debt securities	585,278	Single Quoted price	Quoted price	N/A
Unlisted investment funds	25,921,750	Net asset value per unit	Underlying private investments	N/A
Unquoted debt securities	7,200,766	Use of quoted market prices for similar Instruments	Risk adjusted discount rate	5%
		Discounted cash flow	IRR	158%

Valuation techniques use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The sensitivity to unobservable inputs is based on management's expectation of reasonable possible shifts in these inputs, taking into consideration historical volatility and estimations of future market movements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**4 FINANCIAL RISK MANAGEMENT (Continued)****(d) Fair value estimation (Continued)**

The determination of what constitutes 'observable' requires significant judgement by the Board of Directors. The Board of Directors considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The estimates and assumptions made have a significant risk of causing a material adjustment to the carrying amounts of the investments.

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. 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 following table presents the transfers between levels for the year ended 31 December 2022.

There is no transfer between levels for the year ended 31 December 2023.

	Level 1 <i>US\$</i>	Level 2 <i>US\$</i>	Level 3 <i>US\$</i>
2022			
Transfer from level 2 to 3	–	(12,199,339)	12,199,339
Transfer from level 3 to 2	–	1,620,716	(1,620,716)

The investments were transferred from level 2 and 3 as they became default stage during the years ended 31 December 2023 and 2022. The investments were transferred from level 3 to 2 as there were transaction volume and broker quotes for the investments during the years ended 31 December 2023 and 2022.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The following tables present the movement in level 3 investments for the year. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

	2023 US\$	2022 US\$
Opening balance	38,035,697	179,651,970
Purchase	-	93,612,453
Sales	(585,278)	(184,860,578)
Transfer from level 2 to 3	-	12,199,339
Transfer from level 3 to 2	-	(1,620,716)
Losses recognised in profit and loss	<u>(20,488,800)</u>	<u>(60,946,771)</u>
Closing balance	<u>16,961,619</u>	<u>38,035,697</u>
Changes in unrealised gains/losses for the year included in the statement of comprehensive income for investments held at the end of the year	<u>(16,160,897)</u>	<u>21,966,045</u>

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

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 below:

	Notional amount long/(short)	Fair value	
		Assets US\$	Liabilities US\$
As at 31 December 2023			
Counterparty A:			
Forward exchange contracts	AUD54,104,279	591,204	-
Forward exchange contracts	CAD8,310,013	109,686	-
Forward exchange contracts	CNH36,744,347	19,034	-
Forward exchange contracts	EUR5,104,884	88,753	-
Forward exchange contracts	GBP5,601,787	65,521	-
Forward exchange contracts	NZD9,630,756	113,248	-
Forward exchange contracts	SGD9,881,580	55,243	-
Forward exchange contracts	(AUD91,352)	-	(791)
Forward exchange contracts	(CAD14,933)	-	(129)
Forward exchange contracts	(CNH339,564)	-	(43)
		1,042,689	(963)

	Notional amount long/(short)	Fair value Assets US\$	Liabilities US\$
As at 31 December 2022			
Counterparty A:			
Forward exchange contracts	AUD64,628,309	900,140	-
Forward exchange contracts	CAD13,020,537	94,545	-
Forward exchange contracts	CNH39,620,639	9,173	-
Forward exchange contracts	EUR8,580,809	36,901	-
Forward exchange contracts	NZD14,282,582	16,344	-
Forward exchange contracts	SGD12,704,735	85,721	-
Forward exchange contracts	(AUD11,795)	-	(81)
Forward exchange contracts	(CAD18,032)	-	(94)
Forward exchange contracts	(CNH40,000,000)	-	(22,799)
Forward exchange contracts	GBP7,378,661	-	(75,670)
		1,142,824	(98,644)

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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 in issue.

The table below summaries the Fund's holdings in investee funds as at the reporting date:

Investee funds	Fund manager	% of Ownership		Place of incorporation	Dealing frequency
		2023	2022		
Value Partners Asia Principal Credit Fund Limited Partnership*	Value Partners Private Equity Fund**	58.82%	58.82%	Cayman Islands	N/A***
Value Partners Ireland Fund ICAV – Value Partners Greater China High Yield Bond Fund*	Carne Global Fund Managers (Ireland) Limited**	–	0.02%	Hong Kong	Daily
Ping An Global Featured Treasury Fund SPC - Ocean Fund SP*	Ping An Overseas Investment Management Company Limited	N/A	–	Cayman Islands	Monthly

* 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.

*** The Fund does not have right to withdraw its interest in the investee fund. Under the Limited Partnership Agreement, the Fund can transfer its interest with the consent of the General Partner and Fund Manager of the investee fund.

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.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

	Fair value US\$	% of net assets
As at 31 December 2023		
Value Partners Asia Principal Credit Fund Limited Partnership	13,633,250	2.85
	<u>13,633,250</u>	<u>2.85</u>
As at 31 December 2022		
Value Partners Asia Principal Credit Fund Limited Partnership	25,921,750	4.43
Value Partners Ireland Fund ICAV - Value Partners Greater China High Yield Bond Fund Class Z EUR Hedged Acc	8,473	0.00
Ping An Global Featured Treasury Fund SPC - Ocean Fund SP	0	0.00
	<u>25,930,223</u>	<u>4.43</u>

Total purchases and total sales in structured entities during the year ended 31 December 2023 were US\$Nil (2022: US\$Nil) and US\$8,887 (2022: US\$88,290,302) respectively. As at 31 December 2023 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 loss of US\$16,428,860 (2022: US\$30,173,205) was incurred on investments in investee funds.

During the year ended 31 December 2023, the Fund had received total distribution from Value Partners Asia Principal Credit Fund Limited Partnership for US\$12,529,412 (2022: US\$8,235,294) where US\$12,529,412 (2022: US\$8,235,294) is classified as return of capital recognised in the statement of comprehensive income. Also, the Fund had received distribution from Value partners Ireland Fund ICAV - Value Partners Global Emerging Market Bond Fund for US\$Nil (2022: US\$34,583) respectively.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 SHARE CAPITAL

The authorised share capital of the Fund is US\$5,000,000 divided into 100 administrative shares of a nominal or par value of US\$1.00 each and 4,999,900,000 redeemable participating shares of a nominal or par value of US\$0.001.

Administrative shares

	Number of shares	Share capital US\$	Total US\$
As at 1 January 2022, 31 December 2022 and 31 December 2023	<u>100</u>	<u>100</u>	<u>100</u>

Each administrative share carries one vote. Except when there are no redeemable participating shares in issue and outstanding, the administrative shares do not carry any right to vote. Administrative shares are not entitled to dividends. In the case of winding up of the Fund, administrative shares carry the right to receive the nominal amount paid up thereon after repayment of the nominal amount of the redeemable participating shares. The administrative shares are held by the Manager.

Redeemable participating shares

The redeemable participating shares are issued in different classes. Class z Shares are offered primarily for investment by institutional and/or professional investors. Class X Shares are only available for subscription by funds and managed accounts managed by the Manager or Connected Persons of the Manager who are professional investors. Class I Shares are only available for subscription by institutional investors who will set up a direct investment account with the Manager and subscribe to the Fund directly. No class I shares were issued during the year ended 31 December 2023 and 2022. The management fees charged to Class P Shares, Class z Shares, Class A Shares and Class I Shares are different as disclosed in note 7(a). Class P Shares, Class z Shares, Class A Shares and Class I Shares are subject to daily redemptions.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6 SHARE CAPITAL (Continued)****Redeemable participating shares (Continued)**

All issued redeemable participating shares are fully paid. The Fund's redeemable participating shares are subject to a minimum holding and minimum subscription amount. The Manager has the discretion to waive the requirement for a minimum holding and/or minimum redemption amount of redeemable participating shares (in whole or in part), whether generally or in a particular case.

The Fund offers classes of redeemable participating share that accumulate income (Class P Acc Shares, Class z Acc Shares, Class A Acc Shares, Class X Acc Shares and Class I Acc Shares collectively referred to as "Accumulation Classes") or pay regular dividends out of net income or on occasion make payments out of capital (Class P MDis Shares, Class z MDis Shares and Class A MDis Shares, 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 participating shares of the Accumulation Classes will be reflected in their respective Net Asset Values.

For Distribution Classes, the Manager aims to declare and pay monthly dividends equal to all or substantially all of the net income attributable to each of the Distribution Classes.

There is neither a guarantee that such dividends will be made nor will there be a target level of dividend payout. Dividends will be declared on the last business day of each calendar month or on such date as may be determined by the Manager, or such other time or frequency as the Manager considers appropriate. The Manager will also have the discretion to determine if and to what extent dividends paid include realised capital gains and/or are paid out of capital attributable to the relevant Distribution Class.

The dividends paid during the year amounted to US\$41,541,356 (2022: US\$75,128,384) and are presented as finance cost, the dividend payable as at the reporting date was US\$2,776,139 (2022: US\$4,123,402).

In the case of winding up of the Fund, redeemable participating shares carry the right to receive the nominal amount paid up thereon and, after repayment of the nominal amount of the administrative shares, any balance then remaining.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 SHARE CAPITAL (Continued)

Redeemable participating shares (Continued)

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

	2023	2022
Number of shares		
Class P USD Acc Shares	2,185,638	3,077,154
Class P USD MDis Shares	45,200,254	54,334,193
Class P HKD Acc Shares	3,178,860	4,212,986
Class P HKD MDis Shares	439,244,403	509,661,786
Class P SGD Hedged MDis Shares	2,972,080	3,612,857
Class A AUD Hedged MDis Shares	18,503,515	20,806,602
Class A CAD Hedged MDis Shares	2,727,893	4,040,142
Class A EUR Hedged Acc Shares	27,481	122,295
Class A EUR Hedged MDis Shares	1,526,615	2,304,549
Class A GBP Hedged MDis Shares	1,821,053	2,258,722
Class A NZD Hedged MDis Shares	3,133,877	4,366,358
Class A MDis RMB Hedged Shares	9,404,271	9,776,644
Class A MDis RMB Unhedged Shares	707,325	1,730,940
Class A Acc RMB Hedged Shares	427,315	390,929
Class z USD MDis Shares	5,565,168	6,029,177
Class z USD Acc Shares	5,638,855	6,001,114
Class X USD Acc Shares	22,735	19,739

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 SHARE CAPITAL (Continued)

Redeemable participating shares (Continued)

	2023	2022
Net asset value per share		
Class P USD Acc Shares	US\$9.16	US\$8.78
Class P USD MDis Shares	US\$3.10	US\$3.25
Class P HKD Acc Shares	HKD9.15	HKD8.75
Class P HKD MDis Shares	HKD3.11	HKD3.25
Class P SGD Hedged MDis Shares	SGD3.33	SGD3.50
Class A AUD Hedged MDis Shares	AUD2.92	AUD3.09
Class A CAD Hedged MDis Shares	CAD3.04	CAD3.20
Class A EUR Hedged Acc Shares	EUR5.41	EUR5.31
Class A EUR Hedged MDis Shares	EUR3.25	EUR3.43
Class A GBP Hedged MDis Shares	GBP3.08	GBP3.25
Class A NZD Hedged MDis Shares	NZD3.07	NZD3.25
Class A MDis RMB Hedged Shares	RMB3.50	RMB3.70
Class A MDis RMB Unhedged Shares	RMB3.61	RMB3.63
Class A Acc RMB Hedged Shares	RMB8.46	RMB8.34
Class z USD MDis Shares	US\$3.53	US\$3.69
Class z USD Acc Shares	US\$7.99	US\$7.62
Class X USD Acc Shares	US\$6.92	US\$6.53

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

The following is a summary of significant related party transactions and transactions with the Manager, the Custodian and their connected persons. 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 a management fees which represents 0.7% per annum of the net assets value of the fund attributable to Class I Shares, 1.0% per annum of the net asset value of the Fund attributable to Class z Shares and 1.5% per annum of the net asset value of the Fund attributable to Class P Shares and Class A Shares. No management fee will be charged on Class X Shares. The management fees are calculated and accrued daily and payable monthly in arrears.

(b) Administration and custodian fees

The administrator and custodian are entitled to receive administration and custodian fees which represent 0.135% per annum on the first US\$150 million of the net asset value of the Fund, 0.13% per annum on the next US\$650 million of the net asset value of the Fund and 0.125% per annum thereafter, subject to a monthly minimum fee of US\$4,500 per month. The administration and custodian fees are calculated daily and accrued monthly and payable monthly in arrears.

(c) Directors' fees

There were directors' fees of US\$4,986 for the year ended 31 December 2023 (2022: US\$459).

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(d) The Manager and its related parties' holdings in the Fund and entitled to profit/(loss) from transactions in units

The Manager held 100 administrative shares of the Fund as at 31 December 2023 and 2022.

The Manager and its related parties held shares of Fund and entitled to profit/(loss) from transactions in units as follows:

	As at 1 January	Issue of shares	Redemption of shares	As at 31 December
2023				
Class P USD Acc Shares				
Director of the Manager	462,279	-	(462,279)	-
Value Partners Limited*	-	10,410	(10,410)	-
Class X USD Acc Shares				
Value Partners Limited*	19,739	18,728	(15,732)	22,735
2022				
Class P USD Acc Shares				
Director of the Manager	462,279	-	-	462,279
Class X USD Acc Shares				
Value Partners Limited*	43,637	-	(23,898)	19,739

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

Note During the year 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.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(e) Investment in fund managed by the Manager

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

In accordance with the investee fund's Private Placing Memorandum, no management fees is charged to the share class that the Fund has invested in.

(f) Cross trades with funds managed by the Manager and/or its associates

During the year ended 31 December 2023, the Fund has purchased and sold its holding of investments in total of US\$6,678,099 and US\$193,698 comprise of US\$6,871,797 quoted debt securities to its investee fund and other funds which are managed by the same Manager of the Fund. During the year ended 31 December 2022, the Fund had purchased and sold its investments in total of US\$5,460,882 and US\$1,809,025 comprise of US\$6,732,627 and US\$537,280 of quoted debt securities and unquoted debt securities respectively, to its investee fund and other funds which are also managed by the Manager and/or its associates. The transactions were carried out at fair value of the investments on the date of the transactions.

(g) Other transactions and balances with the Custodian and its related parties

In addition to the administration and custodian fees and safe custody fees of US\$793,284 (2022: US\$1,236,949), as disclosed in note 7(b), the Fund had the following additional transactions with the Custodian and its related parties. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

	2023 US\$	2022 US\$
Interest on deposits	265,128	247,969
Transaction costs*	(17,157)	(29,973)
Safe custody and bank charges	(74,005)	(145,963)
Company secretary and registered office fees	(23,666)	(18,684)
Annual service fees	(12,419)	(23,269)
Interest expenses	(42,732)	(15,175)

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

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(g) Other transactions and balances with the Custodian and its related parties (Continued)

	2023 US\$	2022 US\$
The Hongkong and Shanghai Banking Corporation Limited		
Total commission paid	-	19,488
The total aggregate value of the purchases and sales	359,271,023	465,128,402
Average rate of commission	-	0.00%
% of transactions to the total purchases and sales of the Fund	24.99%	4.84%

In addition to the administration and custodian fees payable of US\$50,134 (2022: US\$62,637), as disclosed in note 7(b), the Fund had the following additional balances with the Custodian and its related parties.

	2023 US\$	2022 US\$
Financial assets at fair value through profit or loss	468,402,786	574,266,910
Cash and cash equivalents	13,411,251	11,878,718
Margin deposits	766,058	499,965
Financial liabilities at fair value through profit or loss	(963)	(98,644)
Interest expenses payable	(1,321)	(12,432)

During the year ended 31 December 2023, the Fund entered into currency forward contracts with The Hongkong and Shanghai Banking Corporation Limited, a connected person of the Custodian, with realised loss amounting to US\$589,604 (2022: US\$11,577,767). As at 31 December 2023, the Fund held outstanding currency forward contract as financial assets US\$1,042,689 (2022: US\$1,142,824) and financial liabilities US\$963 (2022: US\$98,644) respectively with The Hongkong and Shanghai Banking Corporation Limited.

(h) Fee rebates

During the years ended 31 December 2023 and 2022, the Fund has invested into investee funds that are managed by the Manager's related company. The Manager has fully rebated the management fee of US\$404,211 (2022: US\$831,412) charged to the Fund.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 TAXATION

(a) Cayman Islands

The Fund has obtained an undertaking from the Financial Secretary of the Cayman Islands that, in accordance with the existing trust law of the Cayman Islands, for a period of 50 years from 20 October 2008, no laws thereafter enacted in the Cayman Islands imposing any tax or duty on income, capital assets, gains or appreciations will apply to the Fund.

(b) Hong Kong

No provision for Hong Kong profits tax has been made as the dividend and interest income and realised gains on sale 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.

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

Capital gains on PRC debt securities

The Fund invests in debt securities in PRC through Bond Connect for the years ended 31 December 2023 and 2022. According to Caishui [2016] No. 70, there is no specific VAT rules on Bond Connect, by making reference to the above circular and other related prevailing tax regulations, it is anticipated that gains derived by foreign investors from the trading of PRC bonds through "Northbound Trading" should also not be subject to PRC VAT.

Corporate Income Tax ("CIT") on interest income from debt securities in PRC

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 TAXATION (Continued)

(c) People's Republic of China ("PRC") (Continued)

Capital gains tax on H-shares in PRC

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

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

(d) Other jurisdictions

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

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 TRANSACTION COSTS

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

	2023 <i>US\$</i>	2022 <i>US\$</i>
Brokerage fees	8,681	129,051
Other transaction costs	10,311	89,649
Transaction handling fees	<u>17,157</u>	<u>29,973</u>
	<u><u>36,149</u></u>	<u><u>248,673</u></u>

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 <i>US\$</i>	2022 <i>US\$</i>
Total comprehensive loss for the year	<u>(17,245,127)</u>	<u>(500,989,458)</u>
Distributions to Distribution Classes shareholders during the year	<u>(41,541,356)</u>	<u>(75,128,384)</u>

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

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 DISTRIBUTION TO DISTRIBUTION CLASSES (Continued)

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

Classes	2023	2022	Frequency	Ex-dividend dates*
Class P USD MDis Shares	US\$0.0265	US\$0.0408	Monthly	Last business day of January to February
Class P USD MDis Shares	US\$0.0265	US\$0.0303	Monthly	Last business day of March to July
Class P USD MDis Shares	US\$0.0215	US\$0.0303	Monthly	Last business day of August to November
Class P USD MDis Shares	US\$0.0215	US\$0.0265	Monthly	Last business day of December
Class P HKD MDis Shares	HKD0.0265	HKD0.0407	Monthly	Last business day of January to February
Class P HKD MDis Shares	HKD0.0265	HKD0.0303	Monthly	Last business day of March to July
Class P HKD MDis Shares	HKD0.0217	HKD0.0303	Monthly	Last business day of August to November
Class P HKD MDis Shares	HKD0.0217	HKD0.0265	Monthly	Last business day of December
Class P SGD Hedged MDis Shares	SGD0.0283	SGD0.0438	Monthly	Last business day of January to February
Class P SGD Hedged MDis Shares	SGD0.0283	SGD0.0325	Monthly	Last business day of March
Class P SGD Hedged MDis Shares	SGD0.0254	SGD0.0325	Monthly	Last business day of April to July
Class P SGD Hedged MDis Shares	SGD0.0174	SGD0.0325	Monthly	Last business day of August to November
Class P SGD Hedged MDis Shares	SGD0.0174	SGD0.0283	Monthly	Last business day of December
Class A AUD Hedged MDis Shares	AUD0.0258	AUD0.0396	Monthly	Last business day of January to February
Class A AUD Hedged MDis Shares	AUD0.0258	AUD0.0295	Monthly	Last business day of March
Class A AUD Hedged MDis Shares	AUD0.0223	AUD0.0295	Monthly	Last business day of April to July
Class A AUD Hedged MDis Shares	AUD0.0178	AUD0.0295	Monthly	Last business day of August to November
Class A AUD Hedged MDis Shares	AUD0.0178	AUD0.0258	Monthly	Last business day of December
Class A CAD Hedged MDis Shares	CAD0.0258	CAD0.0398	Monthly	Last business day of January to February
Class A CAD Hedged MDis Shares	CAD0.0258	CAD0.0295	Monthly	Last business day of March
Class A CAD Hedged MDis Shares	CAD0.0247	CAD0.0295	Monthly	Last business day of April to July
Class A CAD Hedged MDis Shares	CAD0.0199	CAD0.0295	Monthly	Last business day of August to November
Class A CAD Hedged MDis Shares	CAD0.0199	CAD0.0258	Monthly	Last business day of December
Class A EUR Hedged MDis Shares	EUR0.0211	EUR0.0383	Monthly	Last business day of January to February
Class A EUR Hedged MDis Shares	EUR0.0211	EUR0.0273	Monthly	Last business day of March
Class A EUR Hedged MDis Shares	EUR0.0249	EUR0.0273	Monthly	Last business day of April to July
Class A EUR Hedged MDis Shares	EUR0.0170	EUR0.0251	Monthly	Last business day of August to November
Class A EUR Hedged MDis Shares	EUR0.0170	EUR0.0211	Monthly	Last business day of December
Class A GBP Hedged MDis Shares	GBP0.0262	GBP0.0406	Monthly	Last business day of January to February
Class A GBP Hedged MDis Shares	GBP0.0262	GBP0.0300	Monthly	Last business day of March to July
Class A GBP Hedged MDis Shares	GBP0.0215	GBP0.0300	Monthly	Last business day of August to November
Class A GBP Hedged MDis Shares	GBP0.0215	GBP0.0262	Monthly	Last business day of December

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 DISTRIBUTION TO DISTRIBUTION CLASSES (Continued)

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

Classes	2023	2022	Frequency	Ex-dividend dates*
Class A NZD Hedged MDis Shares	NZD0.0280	NZD0.0423	Monthly	Last business day of January to February
Class A NZD Hedged MDis Shares	NZD0.0280	NZD0.0317	Monthly	Last business day of March
Class A NZD Hedged MDis Shares	NZD0.0293	NZD0.0317	Monthly	Last business day of April to July
Class A NZD Hedged MDis Shares	NZD0.0214	NZD0.0317	Monthly	Last business day of August to November
Class A NZD Hedged MDis Shares	NZD0.0214	NZD0.0280	Monthly	Last business day of December
Class A MDis RMB Hedged Shares	RMB0.0305	RMB0.0515	Monthly	Last business day of January to February
Class A MDis RMB Hedged Shares	RMB0.0305	RMB0.0394	Monthly	Last business day of March
Class A MDis RMB Hedged Shares	RMB0.0234	RMB0.0394	Monthly	Last business day of April to July
Class A MDis RMB Hedged Shares	RMB0.0152	RMB0.0348	Monthly	Last business day of August to November
Class A MDis RMB Hedged Shares	RMB0.0152	RMB0.0305	Monthly	Last business day of December
Class A MDis RMB Unhedged Shares	RMB0.0323	RMB0.0479	Monthly	Last business day of January to February
Class A MDis RMB Unhedged Shares	RMB0.0323	RMB0.0369	Monthly	Last business day of March
Class A MDis RMB Unhedged Shares	RMB0.0231	RMB0.0369	Monthly	Last business day of April to July
Class A MDis RMB Unhedged Shares	RMB0.0158	RMB0.0369	Monthly	Last business day of August to November
Class A MDis RMB Unhedged Shares	RMB0.0158	RMB0.0323	Monthly	Last business day of December
Class z USD MDis Shares	USD0.0300	US\$0.0460	Monthly	Last business day of January to February
Class z USD MDis Shares	USD0.0300	US\$0.0342	Monthly	Last business day of March to July
Class z USD MDis Shares	US\$0.0245	US\$0.0342	Monthly	Last business day of August to November
Class z USD MDis Shares	US\$0.0245	US\$0.0300	Monthly	Last business day of 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.

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 judgmental 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\$1,799,496 (2022: US\$33,954,444). The related commission that have been paid by the Fund for these transactions amounted to US\$3,708 (2022: US\$61,211).

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

The Fund has uncommitted overdraft facilities with the holding company of the Trustee during the year. These facilities are secured by the investment holdings and/or cash held in the respective accounts with the holding company of the Trustee. The Fund had no bank overdrafts as at 31 December 2023 and 2022.

13 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the directors on 25 April 2024.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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			
<i>Hong Kong - Others</i>			
Sunac Services Holdings Ltd	1,409,704	337,468	0.07
<i>Malaysia</i>			
Nam Cheong Ltd*	1,501,473	-	-

* The trading of equity securities has been suspended.

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)			
Quoted debt securities			
China			
Anton Oilfield Services Group/Hong Kong 8.75% 1/26/2025	6,450,000	6,249,344	1.31
Bilibili Inc 0.5% 12/1/2026	1,500,000	1,388,854	0.29
China Hongqiao Group Ltd 6.25% 6/8/2024	17,800,000	17,717,220	3.70
China Oil & Gas Group Ltd 4.7% 6/30/2026	6,567,000	5,976,364	1.25
China Resources Land Ltd 3.75% PERP	500,000	489,459	0.10
Chindata Group Holdings Ltd 10.5% 2/23/2026	10,500,000	11,452,473	2.39
Chong Hing Bank Ltd 5.5% PERP	5,753,000	5,605,023	1.17
Chong Hing Bank Ltd 5.7% PERP	2,000,000	2,026,090	0.42
Country Garden Holdings Co Ltd 4.8% 8/6/2030	3,300,000	270,072	0.06
Country Garden Holdings Co Ltd 6.15% 9/17/2025	1,700,000	144,500	0.03
eHi Car Services Ltd 7% 9/21/2026	8,000,000	5,532,080	1.16
eHi Car Services Ltd 7.75% 11/14/2024	22,300,000	19,613,135	4.10
ENN Clean Energy International Investment Ltd 3.375% 5/12/2026	400,000	375,244	0.08
Far East Horizon Ltd 3.375% 2/18/2025	600,000	579,027	0.12
Far East Horizon Ltd 4.25% 10/26/2026	2,010,000	1,837,634	0.38
Geely Automobile Holdings Ltd 4% PERP	3,150,000	3,063,732	0.64
GLP China Holdings Ltd 2.95% 3/29/2026	10,242,000	5,981,809	1.25
GLP China Holdings Ltd 4.974% 2/26/2024	6,227,000	5,970,526	1.25
Greentown China Holdings Ltd 4.7% 4/29/2025	2,000,000	1,757,448	0.37
Greentown China Holdings Ltd 5.65% 7/13/2025	2,500,000	2,209,574	0.46
Haikou Meilan International Airport Co Ltd 5.25% 9/6/2019	10,270,000	102,700	0.02
Hilong Holding Ltd 9.75% 11/18/2024	15,380,000	8,088,388	1.69
Hopson Development Holdings Ltd 7% 5/18/2024	9,000,000	8,243,970	1.72
Huarong Finance 2019 Co Ltd 3.25% 11/13/2024	1,000,000	973,713	0.20
Huarong Finance II Co Ltd 5% 11/19/2025	1,000,000	974,244	0.20
Huarong Finance II Co Ltd 5.5% 1/16/2025	4,000,000	4,050,262	0.85

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)			
Quoted debt securities (Continued)			
<i>China (Continued)</i>			
New Metro Global Ltd 4.5% 5/2/2026	2,000,000	537,820	0.11
New Metro Global Ltd 4.8% 12/15/2024	500,000	199,045	0.04
Reward International Investment Ltd 7.25% 1/25/2020	1,017,000	19,323	0.00
RKPF Overseas 2019 (A) Ltd 5.9% 3/5/2025	1,000,000	556,887	0.12
RKPF Overseas 2019 (A) Ltd 6% 9/4/2025	6,000,000	2,861,600	0.60
RKPF Overseas 2019 (A) Ltd 6.7% 9/30/2024	500,000	400,025	0.08
RKPF Overseas 2019 (E) Ltd 7.75% PERP	3,100,000	745,214	0.16
RKPF Overseas 2020 (A) Ltd 5.125% 7/26/2026	600,000	157,166	0.03
Seazen Group Ltd 4.45% 7/13/2025	4,300,000	1,357,308	0.28
Seazen Group Ltd 6% 8/12/2024	3,060,000	1,772,168	0.37
Shui On Development Holding Ltd 6.15% 8/24/2024	3,600,000	2,869,110	0.60
Smart Insight International Ltd 4.5% 12/5/2023	10,000,000	143,109	0.03
Sunac China Holdings Ltd 6% 9/30/2026	269,672	37,896	0.01
Sunac China Holdings Ltd 6.25% 9/30/2027	269,672	33,179	0.01
Sunac China Holdings Ltd 6.5% 9/30/2027	539,347	57,538	0.01
Sunac China Holdings Ltd 6.75% 09/30/2028	809,022	84,029	0.02
Sunac China Holdings Ltd 7% 9/30/2029	809,022	78,944	0.02
Sunac China Holdings Ltd 7.25% 9/30/2030	380,041	33,187	0.01
Sunac China Holdings Ltd Conv 0% 9/30/2028	2,897,734	653,294	0.14
Sunac China Holdings Ltd Conv 1% 9/30/2032	910,780	72,589	0.02
Tencent Holdings Ltd 3.84% 04/22/2051	3,000,000	2,278,870	0.48
Tuspark Forward Ltd 6.95% 5/13/2024	4,437,000	811,416	0.17
Tuspark Forward Ltd 7.95% 5/13/2024	16,600,000	3,006,551	0.63
Universe Trek Ltd Conv 0% 6/15/2026	6,000,000	6,098,760	1.27
Weibo Corp 3.375% 7/8/2030	2,200,000	1,929,521	0.40
West China Cement Ltd 4.95% 7/8/2026	12,500,000	9,390,875	1.96
Yanlord Land HK Co Ltd 5.125% 5/20/2026	7,000,000	4,140,041	0.87
Yanlord Land HK Co Ltd 6.8% 2/27/2024	1,800,000	1,766,688	0.37
Yunda Holding Inv 2.25% 8/19/2025	1,000,000	925,658	0.19
		163,690,696	34.21

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)			
Quoted debt securities (Continued)			
Great Britain			
HSBC Holdings Plc 6.375% PERP	7,500,000	7,559,006	1.58
Standard Chartered PLC 4.3% PERP	8,800,000	7,312,248	1.53
Standard Chartered PLC 4.75% PERP	4,200,000	3,564,092	0.74
		18,435,346	3.85
Hong Kong			
AIA Group Ltd 2.7% PERP	3,300,000	3,037,700	0.63
Bank of East Asia Ltd 4% 05/29/2030	1,000,000	943,414	0.20
Cas Capital No1 Ltd 4% PERP	15,572,000	13,767,932	2.88
Celestial Miles Ltd 5.75% PERP	8,600,000	8,775,254	1.83
Chiyu Banking Corp Ltd 8% PERP	4,200,000	4,199,757	0.88
Elect Global Investments Ltd 4.1% PERP	9,250,000	8,255,116	1.73
Estate Sky Ltd 5.45% 7/21/2025	2,200,000	1,972,423	0.41
FEC Finance Ltd 7.375% PERP	2,840,000	2,633,986	0.55
Lai Sun MTN Ltd 5% 7/28/2026	2,000,000	972,922	0.20
LS Finance 2017 Ltd 4.8% 6/18/2026	4,400,000	3,338,104	0.70
LS Finance 2017 Ltd 4.875% 7/15/2024	2,150,000	2,125,197	0.44
Melco Resorts Finance Ltd 4.875% 6/6/2025	6,870,000	6,713,845	1.40
Melco Resorts Finance Ltd 5.625% 7/17/2027	2,000,000	1,935,057	0.40
Melco Resorts Finance Ltd 5.75% 7/21/2028	5,000,000	4,758,629	0.99
Nanyang Commercial Bank 3.8% 11/20/2029	1,550,000	1,521,065	0.32
NWD Finance BVI Ltd 4.125% PERP	5,145,000	2,805,165	0.59
NWD Finance BVI Ltd 4.8% PERP	400,000	174,008	0.04
NWD Finance BVI Ltd 5.25% PERP	1,600,000	1,065,867	0.22
NWD Finance BVI Ltd 6.15% PERP	3,800,000	3,108,026	0.65
RH International Finance Ltd 6.5% PERP	2,600,000	1,088,601	0.23
Sun Hung Kai & Co (BVI) Ltd 5% 9/7/2026	24,000,00	2,088,755	0.44
Yuexiu REIT MTN Co Ltd 2.65% 2/2/2026	1,000,000	870,624	0.18
		76,151,447	15.91

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)			
Quoted debt securities (Continued)			
<i>India</i>			
Adani Electricity Mumbai Ltd 3.949% 2/12/2030	2,200,000	1,837,633	0.38
Adani Green Energy Ltd 4.375% 9/8/2024	1,600,000	1,572,834	0.33
Adani Ports & Special Economic Zone Ltd 5% 8/2/2041	1,000,000	761,256	0.16
Greenko Wind Projects Mauritius Ltd 5.5% 4/6/2025	1,000,000	992,503	0.21
India Toll Roads 5.5% 8/19/2024	750,000	753,753	0.16
ReNew Power Pvt Ltd 5.875% 3/5/2027	1,890,000	1,857,402	0.39
Rolta Americas LLC 8.875% 7/24/2019	46,935,000	254,388	0.05
Rolta LLC 10.75% 5/16/2018	20,800,000	136,609	0.03
UPL Corp Ltd 5.25% PERP	300,000	230,191	0.05
Vedanta Resources Finance II PLC 13.875% 1/21/2024	1,700,000	1,618,215	0.34
Vedanta Resources Ltd 6.125% 8/9/2024	6,400,000	4,473,789	0.93
		<u>14,488,573</u>	<u>3.03</u>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)			
Quoted debt securities (Continued)			
Indonesia			
ABM Investama Tbk PT 9.5% 8/5/2026	14,140,000	14,048,004	2.94
Alam Sutera Realty Tbk PT 11% 11/2/2025	22,000,000	21,036,473	4.40
APL Realty Holdings Pte Ltd 5.95% 6/2/2024	800,000	668,718	0.14
Bakrie Telecom Pte Ltd 11.5% 5/7/2015	2,000,000	–	–
Bukit Makmur Mandiri Utama PT 7.75% 2/10/2026	1,300,000	1,278,978	0.27
Gajah Tunggal Tbk PT 8.95% 6/23/2026	13,649,000	12,173,820	2.54
Indika Energy Capital IV Pte Ltd 8.25% 10/22/2025	11,500,000	11,739,583	2.45
Japfa Comfeed Tbk Pt 5.375% 03/23/2026	10,500,000	9,354,898	1.95
Medco Bell Pte Ltd 6.375% 1/30/2027	3,411,000	3,358,718	0.70
Medco Laurel Tree Pte Ltd 6.95% 11/12/2028	4,143,000	3,977,225	0.83
Medco Maple Tree Pte Ltd 8.96% 4/27/2029	2,400,000	2,482,152	0.52
Medco Oak Tree Pte Ltd 7.375% 5/14/2026	4,224,000	4,250,500	0.89
Minejesa Capital BV 4.625% 8/10/2030	2,800,000	2,717,585	0.57
Minejesa Capital BV 5.625% 8/10/2037	6,500,000	5,807,132	1.21
		<u>92,893,786</u>	<u>19.41</u>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)			
Quoted debt securities (Continued)			
<i>Japan</i>			
Asahi Mutual Life Insurance 6.9% PERP	1,600,000	1,691,147	0.35
<i>Macau</i>			
Champion Path Holdings Ltd 4.5% 1/27/2026	4,738,000	4,528,936	0.95
Champion Path Holdings Ltd 4.85% 1/27/2028	3,300,000	2,913,248	0.61
MGM China Holdings Ltd 4.75% 2/1/2027	3,300,000	3,210,635	0.67
MGM China Holdings Ltd 5.25% 6/18/2025	4,100,000	4,035,958	0.84
Sands China Ltd 4.3% 1/8/2026	6,800,000	6,686,674	1.40
Sands China Ltd 4.875% 6/18/2030	2,800,000	2,629,163	0.55
Sands China Ltd 5.625% 8/8/2025	4,440,000	4,474,771	0.94
Sands China Ltd 5.9% 8/8/2028	1,500,000	1,519,794	0.32
Studio City Co Ltd 7% 2/15/2027	12,750,000	12,938,550	2.70
Studio City Finance Ltd 6% 7/15/2025	200,000	201,934	0.04
Studio City Finance Ltd 6.5% 1/15/2028	500,000	479,176	0.10
Wynn Macau Ltd 5.5% 10/01/2027	1,000,000	955,867	0.20
Wynn Macau Ltd 5.625% 8/26/2028	19,164,000	18,194,972	3.80
		62,769,678	13.12
<i>Mongolia</i>			
Mongolian Mining Corp/Energy Resources LLC 12.5% 9/13/2026	10,710,000	11,407,144	2.38
<i>Philippines</i>			
Smc Global Power Holdings 7% PERP	1,600,000	1,454,123	0.30

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)			
Quoted debt securities (Continued)			
<i>Russia</i>			
Bank Otkritie Financial Corp OJSC Via OFCB Capital PLC 10% 4/26/2019	26,715,000	—	—
<i>Singapore</i>			
GLP Pte Ltd 3.875% 6/4/2025	3,100,000	2,063,108	0.43
GLP Pte Ltd 4.6% PERP	200,000	66,722	0.01
Hyflux Ltd 4.2% 8/29/2019	11,000,000	—	—
Hyflux Ltd 4.25% 9/7/2018	6,500,000	—	—
Hyflux Ltd 4.6% 9/23/2019	3,000,000	—	—
Miclyn Express Offshore Pte Ltd 8.75% 11/25/2018	33,200,000	390,100	0.08
		2,519,930	0.52
<i>The United States of America</i>			
KKR Reign I LLC 5% 5/30/2049	3,500,000	2,779,933	0.58
Resorts World/rwlv Cap 8.45% 7/27/2030	1,100,000	1,169,435	0.24
		3,949,368	0.82
<i>United Arab Emirates</i>			
Five Holding Ltd 9.375% 10/03/2028	600,000	609,772	0.13

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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)			
Unlisted investment funds			
<i>Cayman Islands</i>			
Value Partners Asia Principal Credit Fund Limited Partnership**	500,000	13,633,250	2.85
		13,633,250	2.85
Unquoted debt securities			
<i>Hong Kong</i>			
Chinlink International Holdings Ltd 13% 8/30/2021	8,000,000	—	—
<i>Malaysia</i>			
Nam Cheong Ltd Term Loan 4% 12/31/2024	1,133,114	—	—
<i>The United States of America</i>			
Project Eva 9% 10/23/2023	22,470,000	3,328,369	0.70
		3,328,369	0.70
Forward exchange contracts		1,042,689	0.22
Total financial assets at fair value through profit or loss		468,402,786	97.87

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

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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		(963)	(0.00)
Total financial liabilities at fair value through profit or loss		(963)	(0.00)
Total investments, net		<u>468,401,823</u>	<u>97.87</u>
Total investments, at cost		<u>525,130,947</u>	

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2023

	% of net assets	
	2023	2022
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
Hong Kong		
– H Shares	–	0.41
– Others	0.07	0.60
– Red Chips	–	0.39
Malaysia	–	–
	<hr/>	<hr/>
	0.07	1.40
	-----	-----
Unlisted equity securities		
The United States of America	–	0.74
	-----	-----
Quoted debt securities		
Canada	–	0.40
China	34.21	50.35
Great Britain	3.85	–
Hong Kong	15.91	9.78
India	3.03	6.08
Indonesia	19.41	9.07
Japan	0.35	0.52
Macau	13.12	9.87
Mongolia	2.38	2.99
Philippines	0.30	–
Russia	–	–
Singapore	0.52	0.49
South Korea	–	0.05
The United States of America	0.82	0.53
United Arab Emirates	0.13	–
	<hr/>	<hr/>
	94.03	90.13
	-----	-----

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED) (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2023

	% of net assets	
	2023	2022
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)		
Unlisted investment funds		
Cayman Islands	2.85	4.43
Ireland	—	0.00
	<u>2.85</u>	<u>4.43</u>
Unquoted debt securities		
Hong Kong	—	—
Malaysia	—	0.01
The United States of America	0.70	1.21
	<u>0.70</u>	<u>1.22</u>
Forward exchange contracts	<u>0.22</u>	<u>0.20</u>
	<u><u>97.87</u></u>	<u><u>98.12</u></u>
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
	<u>(0.00)</u>	<u>(0.02)</u>
Forward exchange contracts	<u>(0.00)</u>	<u>(0.02)</u>
Total investments, net	<u><u>97.87</u></u>	<u><u>98.10</u></u>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

AS AT 31 DECEMBER 2023

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

Financial assets:

Forward exchange contracts

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
USD	86	AUD	128	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	1
AUD	36,359	USD	24,880	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	51
USD	36,381,286	AUD	54,140,510	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	591,152
USD	6,170,755	CAD	8,310,013	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	109,686
USD	503,950	CNH	3,590,700	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	1,860
USD	4,653,069	CNH	33,153,647	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	17,174
USD	161,074	EUR	147,710	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	2,525
USD	5,404,162	EUR	4,957,174	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	86,228
USD	723	GBP	570	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	3

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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

AS AT 31 DECEMBER 2023

The Fund's financial derivative instruments at the reporting date are as follows: (Continued)

Financial assets: (Continued)

Forward exchange contracts (Continued)

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
USD	7,071,497	GBP	5,601,217	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	65,518
USD	5,987,624	NZD	9,630,756	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	113,248
USD	7,442,597	SGD	9,881,580	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	55,243
						<u>1,042,689</u>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

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

AS AT 31 DECEMBER 2023

The Fund's financial derivative instruments at the reporting date are as follows: (Continued)

Financial liabilities:

Forward exchange contracts

Currency sold	Amount sold	Currency bought	Amount bought	Settlement date	Counter party	Fair value US\$
AUD	30,825	USD	20,892	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(158)
AUD	60,527	USD	40,701	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(633)
CAD	14,933	USD	11,156	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(129)
CNH	339,564	USD	47,790	31 January 2024	The Hongkong and Shanghai Banking Corporation Limited	(43)
						<u>(963)</u>

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

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

	2023 <i>% of NAV</i>	2022 <i>% of NAV</i>
Lowest gross exposure	12.62%	15.96%
Highest gross exposure	54.11%	65.40%
Average gross exposure	24.37%	29.94%

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

	2023 <i>% of NAV</i>	2022 <i>% of NAV</i>
Lowest net exposure	–	–
Highest net exposure	–	–
Average net exposure	–	–

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

PERFORMANCE RECORD (UNAUDITED)

Net assets (at last traded price)

	2023	2022	2021
Net assets	US\$478,599,941	US\$585,262,992	US\$1,467,475,819

Net asset value per share

Class P

USD Acc Shares	US\$9.16	US\$8.78	US\$12.58
USD MDis Shares	US\$3.10	US\$3.25	US\$5.19
HKD Acc Shares	HKD9.15	HKD8.75	HKD12.54
HKD MDis Shares	HKD3.11	HKD3.25	HKD5.18
SGD Hedged MDis Shares	SGD3.33	SGD3.50	SGD5.60

Class A

AUD Hedged MDis Shares	AUD2.92	AUD3.09	AUD4.99
CAD Hedged MDis Shares	CAD3.04	CAD3.20	CAD5.11
EUR Hedged Acc Shares	EUR5.41	EUR5.31	EUR7.80
EUR Hedged MDis Shares	EUR3.25	EUR3.43	EUR5.51
GBP Hedged MDis Shares	GBP3.08	GBP3.25	GBP5.24
NZD Hedged MDis Shares	NZD3.07	NZD3.25	NZD5.22
MDis RMB Hedged Shares	RMB3.50	RMB3.70	RMB5.93
MDis RMB Unhedged Shares	RMB3.61	RMB3.63	RMB5.36
Acc RMB Hedged Shares	RMB8.46	RMB8.34	RMB11.92

Class z

USD MDis Shares	US\$3.53	US\$3.69	US\$5.85
USD Acc Shares	US\$7.99	US\$7.62	US\$10.86

Class X

USD Acc Shares	US\$6.92	US\$6.53	US\$9.22
----------------	----------	----------	----------

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

PERFORMANCE RECORD (UNAUDITED) (Continued)

Performance record for the past 10 years

	Highest issue price per share								
	Class P				Class z		Class A		
	USD Acc Shares	USD MDis Shares	HKD Acc Shares	HKD MDis Shares	SGD Hedged MDis Shares	USD MDis Shares	USD Acc Shares	AUD Hedged MDis Shares	CAD Hedged MDis Shares
2023	US\$9.86	US\$3.60	HK\$9.90	HK\$3.62	SGD3.87	US\$4.08	US\$8.57	AUD3.41	CAD3.54
2022	US\$12.59	US\$5.19	HK\$12.56	HK\$5.19	SGD5.61	US\$5.85	US\$10.88	AUD5.00	CAD5.12
2021	US\$16.25	US\$7.34	HK\$16.10	HK\$7.29	SGD7.93	US\$8.23	US\$13.96	AUD7.10	CAD7.23
2020	US\$16.61	US\$8.17	HK\$16.53	HK\$8.14	SGD8.86	US\$9.12	US\$14.21	AUD7.96	CAD8.09
2019	US\$16.28	US\$8.48	HK\$16.21	HK\$8.52	SGD9.20	US\$9.43	US\$13.92	AUD8.32	CAD8.41
2018	US\$15.94	US\$9.37	HK\$15.94	HK\$9.39	SGD10.23	US\$10.38	US\$13.50	AUD9.29	CAD9.37
2017	US\$15.67	US\$9.58	HK\$15.68	HK\$9.55	SGD10.47	US\$10.55	US\$13.27	AUD9.57	CAD9.64
2016	US\$14.21	US\$9.25	HK\$14.10	HK\$9.19	SGD10.09	US\$10.12	US\$11.96	AUD9.32	CAD9.36
2015	US\$12.54	US\$9.42	HK\$12.44	HK\$9.36	SGD10.09	US\$10.12	US\$10.44	AUD9.62	CAD9.65
2014	US\$12.09	US\$9.78	HK\$11.99	HK\$9.73	SGD10.15	US\$10.04	-	AUD10.00	CAD10.04

	Highest issue price per share							
	Class A							
	EUR Hedged Acc Shares	EUR Hedged MDis Shares	GBP Hedged MDis Shares	NZD Hedged MDis Shares	MDis RMB Hedged Shares	MDis RMB Unhedged Shares	Acc RMB Hedged Shares	Acc RMB Unhedged Shares
2023	EUR5.93	EUR3.79	GBP3.59	NZD3.59	RMB4.07	RMB3.98	RMB9.31	-
2022	EUR7.81	EUR5.51	GBP5.24	NZD5.23	RMB5.94	RMB5.37	RMB11.94	-
2021	EUR10.18	EUR7.79	GBP7.42	NZD7.42	RMB8.26	RMB7.81	RMB15.02	RMB13.59
2020	EUR10.56	EUR8.71	GBP8.31	NZD8.31	RMB9.15	RMB9.43	RMB15.12	RMB15.09
2019	EUR10.47	EUR9.05	GBP8.64	NZD8.66	RMB9.51	RMB9.65	RMB14.81	RMB14.79
2018	EUR10.18	EUR10.12	GBP9.69	NZD9.68	RMB10.61	RMB10.00	RMB14.35	RMB13.55
2017	-	EUR10.46	GBP10.01	NZD9.93	RMB10.73	RMB10.90	RMB14.09	RMB13.70
2016	-	EUR10.20	GBP9.76	NZD9.62	RMB10.17	RMB10.50	RMB12.39	RMB12.79
2015	-	EUR10.53	GBP10.11	NZD9.79	RMB10.03	RMB9.75	RMB10.69	RMB10.40
2014	-	-	-	NZD10.05	RMB10.25	RMB9.98	-	-

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

PERFORMANCE RECORD (UNAUDITED) (Continued)

Performance record for the past 10 years (Continued)

	Highest issue price per share
	Class X
	USD Acc Shares
2023	US\$7.36
2022	US\$9.23
2021	US\$11.74
2020	US\$11.74
2019	-
2018	-
2017	-
2016	-
2015	-
2014	-

	Lowest redemption price per share								
	Class P					Class z		Class A	
	USD Acc Shares	USD MDis Shares	HKD Acc Shares	HKD MDis Shares	SGD Hedged MDis Shares	USD MDis Shares	USD Acc Shares	AUD Hedged MDis Shares	CAD Hedged MDis Shares
2023	US\$8.56	US\$2.98	HK\$8.58	HK\$2.99	SGD3.20	US\$3.40	US\$7.46	AUD2.81	CAD2.93
2022	US\$6.96	US\$2.63	HK\$6.98	HK\$2.64	SGD2.83	US\$2.97	US\$6.04	AUD2.50	CAD2.59
2021	US\$12.58	US\$5.19	HK\$12.54	HK\$5.18	SGD5.60	US\$5.85	US\$10.86	AUD4.99	CAD5.11
2020	US\$13.30	US\$6.47	HK\$13.19	HK\$6.43	SGD7.00	US\$7.23	US\$11.39	AUD6.28	CAD6.39
2019	US\$14.85	US\$7.96	HK\$14.88	HK\$7.97	SGD8.63	US\$8.88	US\$12.63	AUD7.77	CAD7.88
2018	US\$14.79	US\$8.03	HK\$14.79	HK\$8.05	SGD8.73	US\$8.92	US\$12.57	AUD7.89	CAD7.97
2017	US\$14.23	US\$9.09	HK\$14.12	HK\$9.03	SGD9.92	US\$9.97	US\$11.98	AUD9.09	CAD9.17
2016	US\$11.93	US\$8.30	HK\$11.88	HK\$8.29	SGD9.01	US\$9.01	US\$10.00	AUD8.43	CAD8.46
2015	US\$11.00	US\$8.47	HK\$10.91	HK\$8.42	SGD9.12	US\$9.15	US\$10.00	AUD8.62	CAD8.66
2014	US\$11.19	US\$8.97	HK\$11.12	HK\$8.93	SGD9.57	US\$9.60	-	AUD9.16	CAD9.20

VALUE PARTNERS GREATER CHINA HIGH YIELD INCOME FUND

(Incorporated as an exempted company in the Cayman Islands with limited liability)

PERFORMANCE RECORD (UNAUDITED) (Continued)

Performance record for the past 10 years (Continued)

	Lowest redemption price per share							
	Class A							
	EUR Hedged Acc Shares	EUR Hedged MDis Shares	GBP Hedged MDis Shares	NZD Hedged MDis Shares	MDis RMB Hedged Shares	MDis RMB Unhedged Shares	Acc RMB Hedged Shares	Acc RMB Unhedged Shares
2023	EUR5.10	EUR3.13	GBP2.97	NZD2.96	RMB3.37	RMB3.53	RMB7.96	-
2022	EUR4.23	EUR2.77	GBP2.64	NZD2.64	RMB3.00	RMB3.08	RMB6.65	-
2021	EUR7.80	EUR5.51	GBP5.24	NZD5.22	RMB5.93	RMB5.36	RMB11.92	RMB13.34
2020	EUR8.43	EUR6.88	GBP6.56	NZD6.55	RMB7.24	RMB7.60	RMB12.11	RMB12.24
2019	EUR9.76	EUR8.49	GBP8.10	NZD8.10	RMB8.91	RMB8.97	RMB13.51	RMB13.07
2018	EUR9.75	EUR8.60	GBP8.21	NZD8.22	RMB9.04	RMB9.07	RMB13.44	RMB12.71
2017	-	EUR9.93	GBP9.51	NZD9.42	RMB10.01	RMB9.82	RMB12.42	RMB12.60
2016	-	EUR9.26	GBP8.85	NZD8.65	RMB9.02	RMB8.98	RMB10.22	RMB10.05
2015	-	EUR9.46	GBP9.06	NZD8.83	RMB9.01	RMB8.90	RMB9.87	RMB9.61
2014	-	-	-	NZD9.25	RMB9.45	RMB9.34	-	-

	Lowest redemption price per share	
	Class X	
	USD Acc Shares	
2023	US\$6.43	
2022	US\$5.16	
2021	US\$9.22	
2020	US\$9.97	
2019	-	
2018	-	
2017	-	
2016	-	
2015	-	
2014	-	