

**VALUE PARTNERS ASSET ALLOCATION FUND
VALUE PARTNERS HK EQUITY 50 FOCUS FUND
VALUE PARTNERS CHINA HK BOND AND GOLD FUND**

SUB-FUNDS OF VALUE PARTNERS CHOICE INVESTMENT FUNDS

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2021

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

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GENERAL INFORMATION**Manager**

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MANAGER'S REPORT

VALUE PARTNERS ASSET ALLOCATION FUND

The global stage was set to restart in the second part of the fiscal year ending 30 June 2021, as the expected vaccine rollout globally should unlock a gradual recovery process this year. The Fund generated a 32.2% return since inception and rose 20.2% in the fiscal year ending 30 June 2021. In comparison, the reference benchmark (50% FTSE MPF HK + 25% Markit iBoxx ALBI HK + 25% HK 3M HIBOR) performed 26.8% and 14.3% over the same periods, respectively.

Towards the end of the fiscal year, Greater China equities have been supported by encouraging earnings results, despite dips in sentiment caused by inflation and tapering concerns during the period. That said, while the economic recovery was robust in China post-pandemic, we expect growth in the country will continue but moderate in the second half. Several indicators have pointed to this normalization. China's GDP, for example, has started to slow down during the second quarter¹.

Inflation dampens sentiment, but recovery to continue

The expected gradual reopening of the global economy this year has led to a swift pick up of inflation expectations at the beginning of 2021, leading to fears of monetary tightening, which may form headwinds for equity markets.

In April, the U.S. Federal Reserve maintained a dovish tone and emphasized that inflation is only transitory. However, during the Federal Open Market Committee ("FOMC") meeting in June, it raised its expectations for inflation this year and expects that rate hikes could come as soon as 2023, after saying in March that it may not increase rates until 2024.

In China, several indicators have also pointed towards a more targeted policy. For example, China's total social financing ("TSF"), which is an indicator of the country's liquidity levels, dropped to RMB1.85 trillion in April from RMB3.3 trillion in March². In May, this was slightly up, at RMB1.9 trillion. China's fixed asset investment ("FAI") has also started to slow down.

In May, month-on-month FAI growth rate was only 0.17%, which compares with the 0.93% and 0.77% growth rates in April and March, respectively¹.

Policies will remain accommodative

Meanwhile, China's central bank kept its stance unchanged as maintaining economic stability continues to be a key item on its agenda. It reiterated that it will properly manage the timing, intensity and effectiveness of monetary policy to keep liquidity at a reasonable level, keep the money supply and TSF generally in line with GDP growth, and maintain a stable macro leverage ratio. We believe that these should help China's economy to be on track with its recovery.

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MANAGER'S REPORT (CONTINUED)**VALUE PARTNERS ASSET ALLOCATION FUND (CONTINUED)****Outlook**

We view the potential earlier-than-expected tightening driven by the change in inflation expectations could pose risks on the equities markets. At the same time, growth moderation may entail a lackluster environment for equities. However, we remain cautiously optimistic on Greater China equities, favoring companies that are riding on the structural growth cycle and have visibility in earnings. We believe that it is crucial that have to be selective in our bottom-up picking approach and choose quality names that will be rewarded in the current environment.



Value Partners Hong Kong Limited

21 October 2021

1. Source: National Bureau of Statistics of China
2. Source: People's Bank of China

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MANAGER'S REPORT (CONTINUED)

VALUE PARTNERS HK EQUITY 50 FOCUS FUND

After Hong Kong equities were under pressure in the previous fiscal year amid the negative sentiment stemming from a series of social unrest and the pandemic, the market recovered, supported by the economic recovery in China and globally. The Fund gained 35.9% in returns since its inception and increased 31.8% in the fiscal year ending 30 June 2021. In comparison, the reference benchmark, the FTSE MPF Hong Kong Index, performed 40.3% and 27.8% over the respective periods.

Despite dips in sentiment caused by inflation and tapering concerns during the latter part of the fiscal year, the Hong Kong equities market was supported by encouraging earnings results. Domestically, the Hong Kong economy remained on track for recovery, with its GDP increasing 7.6% year-on-year during the second quarter¹.

Inflation dampens sentiment, but recovery to continue

The expected gradual reopening of the global economy this year has led to a swift pick up of inflation expectations at the beginning of 2021, leading to fears of monetary tightening, which may form headwinds for equity markets.

In April, the U.S. Federal Reserve maintained a dovish tone and emphasized that inflation is only transitory. However, during the Federal Open Market Committee ("FOMC") meeting in June, it raised its expectations for inflation this year and expects that rate hikes could come as soon as 2023, after saying in March that it may not increase rates until 2024.

In China, several indicators have also pointed towards a more targeted policy. For example, China's total social financing ("TSF"), which is an indicator of the country's liquidity levels, dropped to RMB1.85 trillion in April from RMB3.3 trillion in March². In May, this was slightly up, at RMB1.9 trillion. China's fixed asset investment ("FAI") has also started to slow down.

In May, month-on-month FAI growth rate was only 0.17%, which compares with the 0.93% and 0.77% growth rates in April and March, respectively³.

After the robust recovery post-pandemic, we expect economic growth in China will continue but moderate in the second half of the year.

Policies will remain accommodative

Meanwhile, China's central bank kept its stance unchanged as maintaining economic stability continues to be a key item on its agenda. It reiterated that it will properly manage the timing, intensity and effectiveness of monetary policy to keep liquidity at a reasonable level, keep the money supply and TSF generally in line with GDP growth, and maintain a stable macro leverage ratio. We believe that these should help China's economy to be on track with its recovery.

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MANAGER'S REPORT (CONTINUED)**VALUE PARTNERS HK EQUITY 50 FOCUS FUND (CONTINUED)****Outlook**

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Value Partners Hong Kong Limited

21 October 2021

1. Source: *The Government of the Hong Kong Special Administrative Region*
2. Source: *People's Bank of China*
3. Source: *National Bureau of Statistics of China*

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MANAGER'S REPORT (CONTINUED)

VALUE PARTNERS CHINA HK BOND AND GOLD FUND

The global stage was set to restart in the second part of the fiscal year ending 30 June 2021, as the expected vaccine rollout globally should unlock a gradual recovery process this year. The Fund generated a 10.4% return since inception and rose 3.1% in the fiscal year ending 30 June 2021. In comparison, the reference benchmark (50% Markit iBoxx ALBI Hong Kong + 50% HK 3M HIBOR) had returns of 9.6% and 1.1% over the same periods, respectively.

Towards the end of the fiscal year, Greater China equities have been supported by encouraging earnings results, despite dips in sentiment caused by inflation and tapering concerns during the period. That said, while the economic recovery was robust in China post-pandemic, we expect growth in the country will continue but moderate in the second half. Several indicators have pointed to this normalization. China's GDP, for example, has started to slow down during the second quarter¹.

Inflation dampens sentiment, but recovery to continue

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In May, month-on-month FAI growth rate was only 0.17%, which compares with the 0.93% and 0.77% growth rates in April and March, respectively¹.

Policies will remain accommodative

Meanwhile, China's central bank kept its stance unchanged as maintaining economic stability continues to be a key item on its agenda. It reiterated that it will properly manage the timing, intensity and effectiveness of monetary policy to keep liquidity at a reasonable level, keep the money supply and TSF generally in line with GDP growth, and maintain a stable macro leverage ratio. We believe that these should help China's economy to be on track with its recovery.

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MANAGER'S REPORT (CONTINUED)

VALUE PARTNERS CHINA HK BOND AND GOLD FUND (CONTINUED)

Outlook

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21 October 2021

1. Source: National Bureau of Statistics of China
2. Source: People's Bank of China

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in HKD terms on NAV-to-NAV basis with dividends reinvested) as at 30 June 2021. Performance data is net of all fees. All indices are for reference only.

The views expressed are the views of Value Partners Hong Kong Limited only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All materials have been obtained from sources believed to be reliable, but their accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

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INVESTMENT REPORT (UNAUDITED)

FOR THE YEAR ENDED 30 JUNE 2021

INVESTMENT OBJECTIVES AND POLICIES

Value Partners Choice Investment Funds (the “Fund”) is an umbrella unit established under the laws of Hong Kong and governed by the Trust Deed dated 30 January 2013 with HSBC Institutional Trust Services (Asia) Limited as the trustee (the “Trustee”).

The Fund offers three sub-funds with different investment objectives and policies.

The sub-funds of the Fund are Value Partners Asset Allocation Fund, Value Partners HK Equity 50 Focus Fund and Value Partners China HK Bond and Gold Fund. (each individually the “Sub-Fund” or collectively, the “Sub-Funds”).

Separate and distinct investment policies are applied in the investments of each Sub-Fund. The respective investment objectives and policies are set out below. There have been no changes to the investment objectives and policies of each Sub-Fund during the year.

Value Partners Asset Allocation Fund

The investment objective of Value Partners Asset Allocation Fund is to achieve investment returns that maximise long-term capital growth potential with medium-high volatility. The Sub-Fund aims to achieve its investment objective through investing in two or more Approved Pooled Investment Funds to obtain exposure to mainly Hong Kong equities and Hong Kong and China debt securities.

Value Partners HK Equity 50 Focus Fund

Value Partners HK Equity 50 Focus Fund seeks to provide long-term capital appreciation. The Sub-Fund aims to achieve its investment objective through investing primarily in around 50 constituents selected from the FTSE MPF Hong Kong Index.

Value Partners China HK Bond and Gold Fund

The investment objective of Value Partners China HK Bond and Gold Fund is to seek long term stable return from a combination of current income and capital appreciation. The Sub-Fund aims to achieve its investment objective by investing primarily in a diversified portfolio of debt securities issued by (i) companies or issuers listed, established in or operating principally in, or which derive or are expected to derive a significant portion of their earnings or revenues from or which have part of their assets, production activities or other business interests based in or related to China and/or Hong Kong, and (ii) governments and government related entities in China or Hong Kong.

Commentary by the Trustee

The Trustee confirmed that based on the information received from the Manager of the Sub-Funds, to the best of the knowledge and belief of the Trustee, the investment objectives and policies for each Sub-Fund of the Fund were complied with during the year.

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INVESTMENT REPORT (UNAUDITED) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

PERFORMANCE RECORD

	Value Partners Asset Allocation Fund			Value Partners HK Equity 50 Focus Fund		
	2021 HK\$	2020 HK\$	2019 HK\$	2021 HK\$	2020 HK\$	2019 HK\$
Net (loss)/income excluding capital appreciation/(depreciation)	(282,332)	(147,219)	(38,822)	7,552,832	7,573,784	8,354,043
Capital appreciation/(depreciation) - Realised and unrealised	133,635,592	(18,160,007)	8,591,892	118,841,010	(36,965,826)	(12,882,315)
Income derived from investments						
- Dividend income	-	-	-	10,313,242	9,709,416	10,114,211
- Interest on bank deposits	261	172,590	94	455	39,760	5,216
Total net investments	846,013,897	599,436,152	706,837,627	587,926,026	355,666,648	257,558,190
Total net asset value	845,802,308	648,535,983	706,975,691	616,166,022	365,090,247	263,269,047
Net asset value per unit:						
- Class B units	13.2243	10.9988	11.2783	13.5907	10.3118	11.2652
Fund expense ratio ¹						
- Class B units	0.25%	0.25%	0.33%	0.18%	0.20%	0.33%
- Class B units (Net) ^{Note}	0.25%	0.25%	0.28%	-	-	-
Transaction costs						
- Class B units	-	-	-	1,426,759	1,067,511	623,071

¹ Pursuant to the MPFA Circular letter dated 1 November 2019, an investment in a listed REIT may be treated in the same way as an investment in shares of a listed company. Thus, effective 1 November 2019, the expenses incurred by a listed REIT is not required to be applied when calculating the fund expense ratio (FER). This change in treatment of listed REIT may result in a reduction in the FER calculated for the years ended 30 June 2021 and 2020 as compared with the FER calculated for the year ended 30 June 2019.

Note: The percentage represented the Fund expense ratio after taking into account the reimbursement made by the Manager.

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INVESTMENT REPORT (UNAUDITED) (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

PERFORMANCE RECORD (CONTINUED)

	Value Partners China HK Bond and Gold Fund		
	2021 HK\$	2020 HK\$	2019 HK\$
Net (loss)/income excluding capital appreciation/(depreciation)	(582,759)	(646,962)	(704,780)
Capital appreciation/(depreciation) - Realised and unrealised	7,824,729	11,877,086	13,826,735
Income derived from investments	-	-	-
- Dividend income	22,400	52,781	31,658
- Interest on bank deposits			
Total net investments	219,644,996	210,750,580	423,000,685
Total net asset value	229,847,875	234,345,905	443,568,580
Net asset value per unit:			
- Class B units	11.0422	10.7147	10.2444
Fund expense ratio ¹			
- Class B units	0.28%	0.23%	0.24%
- Class B units (Net) ^{Note}	-	-	-
Transaction costs			
- Class B units	6,259	14,869	12,961

¹ Pursuant to the MPFA Circular letter dated 1 November 2019, an investment in a listed REIT may be treated in the same way as an investment in shares of a listed company. Thus, effective 1 November 2019, the expenses incurred by a listed REIT is not required to be applied when calculating the fund expense ratio (FER). This change in treatment of listed REIT may result in a reduction in the FER calculated for the years ended 30 June 2021 and 2020 as compared with the FER calculated for the year ended 30 June 2019.

Note: The percentage represented the Fund expense ratio after taking into account the reimbursement made by the Manager.

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INVESTMENT REPORT (UNAUDITED) (CONTINUED)**FOR THE YEAR ENDED 30 JUNE 2021****PERFORMANCE RECORD (CONTINUED)**

	Highest issue price per unit		
	Value Partners Asset Allocation Fund Class B HK\$	Value Partners HK Equity 50 Focus Fund Class B HK\$	Value Partners China HK Bond and Gold Fund Class B HK\$
2021	14.2670	15.0875	11.1130
2020	11.7909	11.7284	10.7147
2019	11.7177	11.9055	10.2546
2018 (since inception)	11.9959	12.9722	10.0343

	Lowest redemption price per unit		
	Value Partners Asset Allocation Fund Class B HK\$	Value Partners HK Equity 50 Focus Fund Class B HK\$	Value Partners China HK Bond and Gold Fund Class B HK\$
2021	11.1891	10.5453	10.7122
2020	9.9267	8.6584	10.2250
2019	10.7076	9.8952	9.8779
2018 (since inception)	9.9452	9.9273	9.9097

	Net investment return¹		
	Value Partners Asset Allocation Fund Class B %	Value Partners HK Equity 50 Focus Fund Class B %	Value Partners China HK Bond and Gold Fund Class B %
2021	20.2340	31.7976	3.0565
2020	(2.4782)	(8.4632)	4.5908
2019	1.3133	(1.0914)	3.3410
2018 (since inception)	11.3221	14.1061	(0.7340)

¹ Net annual investment return represents the percentage change in the unit price during the year/period. For the first financial period (5 July 2017/6 July 2017 (date of commencement of operations) to 30 June 2018), the actual net investment return is shown.

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INVESTMENT REPORT (UNAUDITED) (CONTINUED)**INVESTMENT PORTFOLIO***AS AT 30 June 2021***VALUE PARTNERS ASSET ALLOCATION FUND**

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Approved pooled investment funds			
Hong Kong			
Value Partners China HK Bond and Gold Fund Class B	20,815,498	229,847,875	27.18
Value Partners HK Equity 50 Focus Fund Class B	45,337,201	616,166,022	72.85
Financial assets at fair value through profit or loss		<u>846,013,897</u>	<u>100.03</u>
Cash and cash equivalents		59,198	0.00
Other net liabilities		(270,787)	(0.03)
Total net assets		<u>845,802,308</u>	<u>100.00</u>
Total investments, at cost		<u>726,454,363</u>	

Note: Investments are accounted for on a trade date basis.

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INVESTMENT REPORT (UNAUDITED) (CONTINUED)**INVESTMENT PORTFOLIO (CONTINUED)***AS AT 30 JUNE 2021***VALUE PARTNERS HK EQUITY 50 FOCUS FUND**

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
China			
China Tourism Group Duty Free Corp Ltd A Shares (SHHK)	8,300	2,991,708	0.49
East Money Information Co Ltd A Shares (SZHK)	74,760	2,944,325	0.48
Kweichow Moutai Co Ltd A Shares (SHHK)	1,800	4,446,503	0.72
		<hr/> 10,382,536	<hr/> 1.69
Hong Kong – H Shares			
Aluminum Corp of China Ltd H Shares	508,000	2,352,040	0.38
Angang Steel Co Ltd H Shares	500,000	2,460,000	0.40
China Construction Bank Corp H Shares	3,450,000	21,079,500	3.42
China International Capital Corp Ltd H Shares	366,000	7,649,400	1.24
China Merchants Bank Co Ltd H Shares	353,500	23,419,375	3.80
China Pacific Insurance Group Co Ltd H Shares	253,600	6,200,520	1.01
CITIC Securities Co Ltd H Shares	561,000	10,928,280	1.77
Fuyao Glass Industry Group Co Ltd H Shares	110,000	6,017,000	0.98
Great Wall Motor Co Ltd H Shares	209,000	5,245,900	0.85
Industrial & Commercial Bank of China Ltd H Shares	2,695,000	12,289,200	2.00
Ping An Insurance (Group) Co of China Ltd H Shares	172,000	13,080,600	2.12
Shandong Weigao Group Medical Polymer Co Ltd H Shares	136,000	2,464,320	0.40
Shanghai Pharmaceuticals Holding Co Ltd H Shares	172,900	2,932,384	0.48
Tsingtao Brewery Co Ltd H Shares	84,000	7,022,400	1.14
		<hr/> 123,140,919	<hr/> 19.99
Hong Kong – Red Chips			
BOC Hong Kong Holdings Ltd	528,000	13,912,800	2.26
China Mengniu Dairy Co Ltd	338,000	15,869,100	2.58
China Mobile Ltd	131,000	6,360,050	1.03
China Resources Gas Group Ltd	142,000	6,617,200	1.07
China Resources Land Ltd	386,000	12,139,700	1.97
CSPC Pharmaceutical Group Ltd	108,000	1,213,920	0.20
Semiconductor Manufacturing International Corp	189,500	4,529,050	0.73
		<hr/> 60,641,820	<hr/> 9.84

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INVESTMENT REPORT (UNAUDITED) (CONTINUED)**INVESTMENT PORTFOLIO (CONTINUED)***AS AT 30 JUNE 2021***VALUE PARTNERS HK EQUITY 50 FOCUS FUND (CONTINUED)**

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)			
Listed equity securities (Continued)			
Hong Kong – Others			
AIA Group Ltd	472,400	45,586,600	7.40
Alibaba Group Holding Ltd	154,600	34,012,000	5.52
Alibaba Health Information Technology Ltd	344,000	5,923,680	0.96
ANTA Sports Products Ltd	68,000	12,430,400	2.02
Bilibili Inc	2,848	2,722,688	0.44
China Conch Venture Holdings Ltd	200,000	6,540,000	1.06
Chow Tai Fook Jewellery Group Ltd	262,200	4,651,428	0.75
CK Asset Holdings Ltd	157,000	8,415,200	1.37
CK Hutchison Holdings Ltd	125,000	7,562,500	1.23
ENN Energy Holdings Ltd	80,000	11,824,000	1.92
Galaxy Entertainment Group Ltd	81,000	5,034,150	0.82
Geely Automobile Holdings Ltd	107,000	2,616,150	0.42
Hong Kong Exchanges & Clearing Ltd	32,300	14,948,440	2.43
HSBC Holdings PLC	483,600	21,689,460	3.52
Huazhu Group Ltd	96,000	3,998,400	0.65
Innovent Biologics Inc	60,500	5,478,275	0.89
JD.com Inc	46,100	14,078,940	2.28
Kingboard Laminates Holdings Ltd	165,000	2,874,300	0.47
Kuaishou Technology	28,700	5,590,760	0.91
Li Ning Co Ltd	123,500	11,707,800	1.90
Meituan	110,100	35,276,040	5.72
NetEase Inc	38,600	6,789,740	1.10
New World Development Co Ltd	181,000	7,303,350	1.19
Poly Property Development Co Ltd H Shares	43,800	2,308,260	0.37
Shanghai Junshi Biosciences Co Ltd H Shares	72,000	4,644,000	0.75
Shenzhou International Group Holdings Ltd	18,100	3,549,410	0.58
Sino Biopharmaceutical Ltd	617,000	4,701,540	0.76
SJM Holdings Ltd	364,000	3,086,720	0.50
Sunny Optical Technology (Group) Co Ltd	31,800	7,803,720	1.27
Techtronic Industries Co Ltd	94,000	12,746,400	2.07
Tencent Holdings Ltd	94,500	55,188,000	8.96
Wuxi Biologics Cayman Inc	53,000	7,541,900	1.22
Xiaomi Corp	399,800	10,794,600	1.75
Xinyi Glass Holdings Ltd	98,000	3,101,700	0.50
ZTO Express (Cayman) Inc	5,300	1,240,200	0.20
		393,760,751	63.90

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INVESTMENT REPORT (UNAUDITED) (CONTINUED)**INVESTMENT PORTFOLIO (CONTINUED)***AS AT 30 JUNE 2021***VALUE PARTNERS HK EQUITY 50 FOCUS FUND (CONTINUED)**

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)			
Financial assets at fair value through profit or loss		587,926,026	95.42
		<u>26,336,881</u>	<u>4.27</u>
Cash and cash equivalents		1,903,115	0.31
Other net assets		<u>616,166,022</u>	<u>100.00</u>
Total net assets		<u>499,353,944</u>	
Total investments, at cost (inclusive of transaction cost)		<u>499,353,944</u>	

Note: Investments are accounted for on a trade date basis.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

INVESTMENT REPORT (UNAUDITED) (CONTINUED)**INVESTMENT PORTFOLIO (CONTINUED)**

AS AT 30 JUNE 2021

VALUE PARTNERS CHINA HK BOND AND GOLD FUND

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed investment funds			
Hong Kong			
Value Gold ETF	435,400	18,243,260	7.94
Quoted debt securities			
Hong Kong Dollar			
Airport Authority 1.9% 11/19/2030	10,000,000	9,797,263	4.26
BOC Aviation Ltd 3.25% 7/27/2027	3,000,000	3,246,405	1.41
China Overseas Finance Cayman VIII Ltd 2.9% 1/15/2025	3,000,000	3,194,123	1.39
CK Property Finance MTN Ltd 2.25% 8/25/2022	2,000,000	2,050,142	0.89
HKCG Finance Ltd 4.25% 6/3/2024	9,000,000	9,952,800	4.33
Hongkong Electric Finance Ltd 2.55% 8/1/2028	9,000,000	9,590,648	4.17
Hongkong Land Notes Co Ltd/The 2.9% 7/2/2035	4,000,000	4,277,534	1.86
Sun Hung Kai Properties Capital Market Ltd 3.23% 1/10/2023	5,000,000	5,240,672	2.28
Sun Hung Kai Properties Capital Market Ltd 4% 4/16/2024	8,500,000	9,282,585	4.04
Swire Pacific MTN Financing Ltd 2.6% 7/21/2028	4,000,000	4,181,470	1.82
Swire Pacific MTN Financing Ltd 2.7% 6/30/2027	2,000,000	2,098,408	0.91
Swire Pacific MTN Financing Ltd 3.15% 11/15/2022	2,000,000	2,109,841	0.92
Swire Properties MTN Financing Ltd 2.4% 6/18/2027	2,000,000	2,067,880	0.90
Wharf REIC Finance (BVI) 2.1% 3/16/2027	6,000,000	6,038,928	2.63
Wharf REIC Finance (BVI) 2.8% 1/23/2030	5,000,000	5,271,019	2.30
Wharf REIC Finance (BVI) 3.07% 1/22/2028	4,000,000	4,299,470	1.87
		82,699,188	35.98
United States Dollar			
Airport Authority Hong Kong 3.45% 2/21/2029	600,000	5,223,404	2.27
BOC Aviation Ltd 2.75% 12/2/2023	1,000,000	8,052,916	3.50
Chengdu Communications Investment Group Co Ltd 4.75% 12/13/2027	1,000,000	8,147,026	3.55
Chouzhou International Investment Ltd 4% 2/18/2025	1,500,000	12,004,625	5.22
Fujian Zhanglong Group Co Ltd 3.45% 12/19/2023	1,000,000	7,984,503	3.47
Hangzhou Fuyang Chengtong Group HK Ltd 3.2% 6/25/2026	500,000	3,899,491	1.70
Hongkong Electric Finance Ltd 2.25% 6/9/2030	300,000	2,337,742	1.02
Hongkong Xiangyu Investment Co Ltd 4.5% 1/30/2023	1,400,000	10,525,057	4.58
Hysan MTN Ltd 2.82% 9/4/2029	1,000,000	8,068,366	3.51
MTR Corp Ltd 1.625% 8/19/2030	700,000	5,313,750	2.31

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

INVESTMENT REPORT (UNAUDITED) (CONTINUED)**INVESTMENT PORTFOLIO (CONTINUED)***AS AT 30 JUNE 2021***VALUE PARTNERS CHINA HK BOND AND GOLD FUND (CONTINUED)**

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)			
Quoted debt securities (Continued)			
United States Dollar (Continued)			
Nanjing Yangzi State-owned Investment Group Co Ltd 3.625% 12/5/2022	1,290,000	10,294,730	4.48
PLDT Inc 2.5% 1/23/2031	250,000	1,955,373	0.85
TCL Technology Investments Ltd 1.875% 7/14/2025	300,000	2,321,581	1.01
Vigorous Champion International Ltd 2.75% 6/2/2025	900,000	7,174,733	3.12
Weibo Corp 3.5% 7/5/2024	500,000	4,160,428	1.81
Yinchuan Tonglian Capital Investment Operation Co Ltd 4.45% 6/10/2023	1,000,000	7,453,687	3.24
Yongda Investment Ltd 2.25% 6/16/2025	750,000	5,873,138	2.56
Zhengzhou Metro Group Co Ltd 5% 12/20/2021	1,000,000	7,911,998	3.44
		<u>118,702,548</u>	<u>51.64</u>
Financial assets at fair value through profit or loss		<u>219,644,996</u>	<u>95.56</u>
Cash and cash equivalents		10,413,533	4.53
Other net liabilities		(210,654)	(0.09)
Total net assets		<u>229,847,875</u>	<u>100.00</u>
Total investments, at cost (inclusive of transaction cost)		<u>211,844,724</u>	

Note: Investments are accounted for on a trade date basis.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

INVESTMENT REPORT (UNAUDITED) (CONTINUED)**INVESTMENT PORTFOLIO MOVEMENT***FOR THE YEAR ENDED 30 JUNE 2021***VALUE PARTNERS ASSET ALLOCATION FUND**

	% of net assets	
	2021	2020
Financial assets at fair value through profit or loss		
Approved pooled investment funds		
Hong Kong	100.03	92.43
	<hr/>	<hr/>
Total investment, net	100.03	92.43
	<hr/>	<hr/>

VALUE PARTNERS HK EQUITY 50 FOCUS FUND

	% of net assets	
	2021	2020
Financial assets at fair value through profit or loss		
Listed equity securities		
China	1.69	-
Hong Kong		
- H shares	19.99	21.33
- Red chips	9.84	10.79
- Others	63.90	59.32
United States of America	-	5.98
	<hr/>	<hr/>
Total investment, net	95.42	97.42
	<hr/>	<hr/>

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

INVESTMENT REPORT (UNAUDITED) (CONTINUED)**INVESTMENT PORTFOLIO MOVEMENT (CONTINUED)***FOR THE YEAR ENDED 30 JUNE 2021***VALUE PARTNERS CHINA HK BOND AND GOLD FUND**

	% of net assets	
	2021	2020
Financial assets at fair value through profit or loss		
Listed investment funds		
Hong Kong	7.94	9.81
	-----	-----
Debt securities		
Hong Kong Dollar	35.98	29.98
United States Dollar	51.64	50.14
	-----	-----
	87.62	80.12
	-----	-----
Total investment, net	95.56	89.93
	=====	=====

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

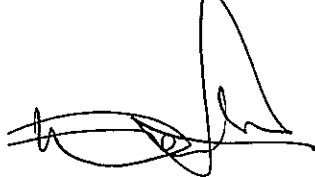
TRUSTEE'S REPORT

In relation to the year ended 30 June 2021, we hereby confirm that:

- (a) in our opinion, the Manager, Value Partners Hong Kong Limited has, in all material respects, managed Value Partners Choice Investment Funds in accordance with the provisions of the Trust Deed dated 30 January 2013.
- (b) during the year, we have not become aware of any failures by HSBC Institutional Trust Services (Asia) Limited (the "Custodian"), the Manager and their delegates to comply with the obligations imposed on them, except to the extent that such failures have been previously reported to the Mandatory Provident Fund Schemes Authority (the "MPFA");
- (c) we are not aware of any events of a significant nature relating to the Funds that occurred during the year which have not been reported to the MPFA;
- (d) provisions of the constitutive documents, the SFC Code on MPF Products established by the Securities and Futures Commission, the Mandatory Provident Fund Schemes Ordinance, the Mandatory Provident Fund Schemes (General) Regulation, the Code on MPF Investment Funds and other relevant guidelines issued by the MPFA have been complied with in all material respects during the year, except to the extent that any non-compliance has been previously reported to the MPFA; and
- (e) there are no material changes (including changes of the Custodian, the Manager and delegates of the Manager) which have not been reported to the MPFA during the year.

We declare that we have, during the year, supervised, and exercised proper control over, all persons appointed or engaged for the purposes of the Fund.

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



Trustee
21 October 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE SUB-FUNDS AS DEFINED IN THE OPINION SECTION OF THIS
REPORT**

Report on the Audit of the Financial Statements

Opinion

What we have audited

We have audited the financial statements of Value Partners Asset Allocation Fund, Value Partners HK Equity 50 Focus Fund and Value Partners China HK Bond and Gold Fund (each a separate sub-fund of Value Partners Choice Investment Fund and referred to as the "Sub-Funds"), set out on pages 25 to 57, which comprise:

- the statement of financial position as at 30 June 2021;
- the statement of comprehensive income for the year ended 30 June 2021;
- the statement of changes in net assets attributable to unitholders for the year ended 30 June 2021;
- the statement of cash flows for the year ended 30 June 2021; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of each of the Sub-Funds as at 30 June 2021, and of each of their financial transactions and their cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and with reference to Practice Note 860.1 (Revised), "The Audit of Retirement Schemes" issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Funds in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEE OF THE SUB-FUNDS AS DEFINED IN THE OPINION SECTION OF THIS REPORT (CONTINUED)

Other Information

The Trustee and the Manager (the "Management") of the Sub-Funds are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Funds is responsible for the preparation of financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Sub-Funds is responsible for assessing the Sub-Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Sub-Funds or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Funds is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 30 January 2013 (the "Trust Deed"), the Hong Kong Mandatory Provident Fund Schemes Ordinance (the "Ordinance"), the Hong Kong Mandatory Provident Fund Schemes (General) Regulation (the "General Regulation"), the Code on MPF Investment Funds (the "MPF Code") and Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority (the "MPF Guideline").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Funds have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed, the Ordinance, the General Regulation and the MPF Code and the MPF Guideline.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE OF THE SUB-FUNDS AS DEFINED IN THE OPINION SECTION OF THIS
REPORT (CONTINUED)**

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

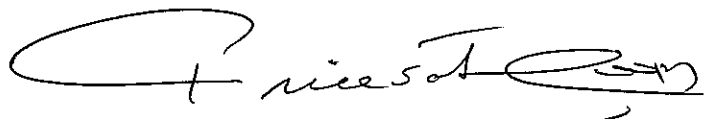
As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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 Sub-Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed, the Ordinance, the General Regulation, the MPF Code and the MPF Guideline

- (a) In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed, the Ordinance, the General Regulation, the MPF Code and the MPF Guideline; and
- (b) We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 October 2021

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
		2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Assets							
Financial assets at fair value through profit or loss	4(d)	846,013,897	599,436,152	587,926,026	355,666,648	219,644,996	210,750,580
Amounts receivable on sale of investments		420,737	-	3,424,181	-	-	-
Amounts receivable on subscription of units		1,479,445	55,696	1,479,445	55,696	-	-
Dividends and interest receivables	6(e)	-	87	1,934,514	2,590,507	-	46,914
Prepayments and other receivables	6(e)	8,154	8,154	3,058	3,058	9,959	18,150
Cash and cash equivalents	7	59,198	50,237,510	26,336,881	6,941,954	10,413,533	23,704,482
Total assets		847,981,431	649,737,599	621,104,105	365,257,863	230,068,488	234,520,126
Liabilities							
Amounts payable on purchase of investments		1,479,445	55,696	4,273,331	-	-	-
Amounts payable on redemption of units		420,736	905,734	420,737	-	-	-
Accruals and other payables	6(e)	278,942	240,186	244,015	167,616	220,613	174,221
Total liabilities		2,179,123	1,201,616	4,938,083	167,616	220,613	174,221
Net assets attributable to unitholders	5	845,802,308	648,535,983	616,166,022	365,090,247	229,847,875	234,345,905

Signed by:

Value Partners Hong Kong Limited, Manager

HSBC Institutional Trust Services (Asia) Limited, Trustee

The notes on pages 30 to 57 are an integral part of these financial statements.

VALUE PARTNERS CHOICE INVESTMENT FUNDS
- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
		2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Income							
Dividends	6(e)	-	-	10,313,242	9,709,416	-	-
Interest on bank deposits	6(e)	261	172,590	455	39,760	22,400	52,781
Net realised gains/(losses) on investments		6,484,758	2,120,341	16,223,503	(29,915,470)	876,684	(2,255,694)
Change in unrealised gains/losses on investments		127,150,834	(20,280,348)	102,617,507	(7,050,356)	6,948,045	14,132,780
Other income	6(e)	-	7,675	-	-	84,905	39,935
Net foreign exchange (losses)/gains		(251)	309	(1,448)	(15,356)	(89,830)	(151,151)
Total net income/(loss)		133,635,602	(17,979,433)	129,153,259	(27,232,006)	7,842,204	11,818,651
Expenses							
Trustee fee	6(b)	-	-	647,124	435,453	301,227	369,265
Transaction costs	6(e)	-	-	1,445,341	1,071,629	12,462	22,959
Safe custody and bank charges		850	350	14,561	8,928	16,229	15,833
Legal and professional fees		47,866	66,397	77,848	54,790	127,471	24,133
Auditor's remuneration		164,372	189,613	82,186	94,804	82,055	94,804
Preliminary expenses		56,257	56,720	56,290	56,753	56,290	56,753
Other operating expenses		12,997	14,713	23,989	29,155	4,500	4,780
Profit/(loss) before tax		282,342	327,793	2,347,339	1,751,512	600,234	588,527
Withholding tax on dividends	8(b)	-	-	(412,078)	(408,524)	-	-
Increase/(decrease) in net assets attributable to unitholders from operations		133,353,260	(18,307,226)	126,805,920	(28,983,518)	7,241,970	11,230,124

The notes on pages 30 to 57 are an integral part of these financial statements.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 30 JUNE 2021

	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Net assets attributable to unitholders as at beginning of the year	648,535,983	706,975,691	365,090,247	263,269,047	234,345,905	443,568,580
Issuance of units	111,258,856	75,547,835	157,639,229	196,266,062	13,800,000	27,039,332
Redemption of units	(47,345,791)	(115,680,317)	(32,957,296)	(65,052,820)	(25,540,000)	(247,492,131)
Net increase/(decrease) from unit transactions	63,913,065	(40,132,482)	124,681,933	131,213,242	(11,740,000)	(220,452,799)
Increase/(decrease) in net assets attributable to unitholders from operations	133,353,260	(18,307,226)	126,393,842	(29,392,042)	7,241,970	11,230,124
Net assets attributable to unitholders as at end of the year	845,802,308	648,535,983	616,166,022	365,090,247	229,847,875	234,345,905

The notes on pages 30 to 57 are an integral part of these financial statements.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$	2021 HK\$	2020 HK\$
Cash flows from operating activities						
Increase/(decrease) in net assets attributable to unitholders from operations	133,353,260	(18,307,226)	126,393,842	(29,392,042)	7,241,970	11,230,124
Adjustments for:						
Dividends	-	-	(10,313,242)	(9,709,416)	-	-
Interest on bank deposits	(261)	(172,590)	(455)	(39,760)	(22,400)	(52,781)
Withholding tax on dividends	-	-	412,078	408,524	-	-
	133,352,999	(18,479,816)	116,492,223	(38,732,694)	7,219,570	11,177,343
 (Increase)/decrease in financial assets at fair value through profit or loss						
(Increase)/decrease in amounts receivable on sale of investments	(246,577,745)	107,401,475	(232,259,378)	(98,108,458)	(8,894,416)	212,250,105
Decrease/(increase) in prepayments and other receivables	(420,737)	24,810	(3,424,181)	-	-	-
Increase/(decrease) in amounts payable on purchase of investments	-	365,202	-	35,894	36,457	(5,434)
Increase/(decrease) in accruals and other payables	1,423,749	(1,095,238)	4,273,331	-	-	-
	38,756	4,108	76,399	20,920	46,392	(9,075)
Cash (used in)/generated from operations	(112,182,978)	88,220,541	(114,841,606)	(136,784,338)	(1,591,997)	223,412,939
Dividends received	-	-	10,557,154	9,257,242	-	-
Deposit interest received	348	172,518	458	39,991	41,048	35,349
Net (outflow)/inflow from operating activities	(112,182,630)	88,393,059	(104,283,994)	(127,487,105)	(1,550,949)	223,448,288

The notes on pages 30 to 57 are an integral part of these financial statements.

VALUE PARTNERS CHOICE INVESTMENT FUNDS
- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2021

	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
	2021	2020	2021	2020	2021	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Cash flows from financing activities						
Proceeds from issue of units	109,835,107	76,643,073	156,215,480	196,210,366	13,800,000	28,190,267
Payments on redemption of units	(47,830,789)	(114,799,393)	(32,536,559)	(65,077,630)	(25,540,000)	(247,492,131)
Net cash inflow/(outflow) from financing activities	62,004,318	(38,156,320)	123,678,921	131,132,736	(11,740,000)	(219,301,864)
Net (decrease)/increase in cash and cash equivalents	(50,178,312)	50,236,739	19,394,927	3,645,631	(13,290,949)	4,146,424
Cash and cash equivalents as at the beginning of the reporting year	50,237,510	771	6,941,954	3,296,323	23,704,482	19,558,058
Cash and cash equivalents as at 30 June, representing bank balances	59,198	50,237,510	26,336,881	6,941,954	10,413,533	23,704,482

The notes on pages 30 to 57 are an integral part of these financial statements.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Value Partners Asset Allocation Fund, Value Partners HK Equity 50 Focus Fund and Value Partners China HK Bond and Gold Fund (each individually the “Sub-Fund” or collectively, the “Sub-Funds”) are the sub-funds of Value Partners Choice Investment Funds (the “Fund”), which is an umbrella unit trust established under the laws of Hong Kong and governed by the Trust Deed dated 30 January 2013 between HSBC Institutional Trust Services (Asia) Limited as trustee (“Trustee”) and Value Partners Hong Kong Limited as manager (“Manager”). These financial statements are prepared for the Sub-Funds only.

Value Partners Asset Allocation Fund currently intends to invest in the Value Partners HK Equity 50 Focus Fund and the Value Partners China HK Bond and Gold Fund. Value Partners Asset Allocation Fund aims to allocate between 10% to 90% of its latest available Net Asset Value to the Value Partners HK Equity 50 Focus Fund. The balance of the Value Partners Asset Allocation Fund’s assets will be invested in the Value Partners China HK Bond and Gold Fund.

The Sub-Funds are approved by the Securities and Futures Commission (“SFC”) of Hong Kong and the Mandatory Provident Fund Schemes Authority (“MPFA”) in Hong Kong.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal 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 Hong Kong Financial Reporting Standards (“HKFRSs”). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of accounting estimates. It also requires the exercise of judgement in the process of applying the Sub-Funds’ accounting policies.

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

Standards and amendments to existing standards effective 1 July 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2020 that have a material effect on the financial statements of the Sub-Funds.

Standards that are not yet effective and have not been early adopted by the Sub-Funds

A number of new standards, amendments to standards and interpretations are effective for reporting periods beginning on or after 1 July 2021, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Funds.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Investment entity

The Sub-Funds have been deemed to meet the definition of an investment entity per HKFRS 10 as the following conditions exist:

- (i) The Sub-Funds have multiple investments;
- (ii) The Sub-Funds obtained funding for the purpose of providing investors with investment management services;
- (iii) The Sub-Funds' 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 Sub-Funds meet all of the typical characteristics of an investment entity and the Manager believes they are investment entities. The Sub-Funds are required to account for investee funds at fair value through profit and loss.

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

(i) Classification

The Sub-Funds classify their investments based on both the Sub-Funds' 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 Sub-Funds are primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Funds have not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Funds' 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 business model's objective of the Sub-Funds.

As such, the Sub-Funds classify all of their investment portfolio as financial assets or liabilities as fair value through profit or loss.

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

(ii) Recognition/derecognition

Regular purchases and sales of investments are recognised on the trade date - the date on which the Sub-Funds commit to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Funds have transferred substantially all risks and rewards of ownership.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iii) Measurement

Financial assets 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 at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income in the year in which they arise.

(iv) Fair value estimation

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

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

Debt securities are stated at fair value 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 Sub-Funds 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 Sub-Funds would exercise judgement and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Sub-Funds 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 sub-funds as determined by the administrators of the relevant sub-funds or stated at last traded prices if the investee sub-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.

(d) Income

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

Interest income is recognised in the statement of comprehensive income on a time-proportionate basis using the effective interest method. Interest income earned from debt securities is grouped under net realised gains/(losses) on investments or unrealised gains/losses on investments.

Interest income on debt securities is recognised in the statement of comprehensive income within "net realised gains/(losses) on investments" and "change in unrealised gains/losses on investments" which depends on whether the Sub-Funds hold that debt security as at year end.

(e) Expenses

Expenses are accounted for on an accrual basis.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Transaction costs

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

(g) Distributions payable to unitholders

Proposed distributions to unitholders are recognised in the statement of comprehensive income when they are appropriately authorised and no longer at the discretion of the Sub-Funds. The distribution on the units is recognised as a finance cost in the statement of comprehensive income.

(h) Foreign currency translation

The financial statements are presented in Hong Kong Dollar, which is the Sub-Funds' functional and presentation currency.

The Sub-Funds have adopted Hong Kong Dollar as the functional currency of the Sub-Funds since the subscriptions and redemptions of the Sub-Funds are mainly transacted in Hong Kong Dollars. In addition, performance measurement and reporting to the unitholders as well as settlement of fees and expenses are carried out in Hong Kong Dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. 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 gains/(losses) on investments" or "Change in unrealised gains/losses on investments".

(i) Taxation

The Sub-Funds currently incur 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.

(j) Cash and cash equivalents

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

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Redeemable units

The net asset value per units is computed for each dealing day. The price at which units are issued or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

Units of the Sub-Funds are redeemable at the options of the unitholders and are classified as equity in the statement of financial position which represents the net assets attributable to unitholders (or “net asset value” or “net assets” or “NAV”). The units are carried at the redemption amount that is payable at the reporting date if the unitholders exercise their right to redeem their units of the Sub-Funds.

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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Fair value of financial instruments not quoted in an active market

The Sub-Funds hold financial instruments that are not traded or quoted in an active market. The Sub-Funds use 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. (See Note 4(d) for further details)

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 Sub-Funds would exercise judgement and estimates on the quantity and quality of pricing sources uses. Where no market data is available, the Sub-Funds 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.

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

4 FINANCIAL RISK MANAGEMENT

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

(i) Foreign exchange risk

The table below includes both monetary and non-monetary assets and liabilities of Value Partners Assets Allocation Fund, Value Partners HK Equity 50 Focus Fund and Value Partners China HK Bond and Gold Fund that held in foreign currencies together with the percentage of reasonable possible change in foreign currencies and the estimated impact on net assets.

[illegible]

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VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (Continued)****(i) Foreign exchange risk (Continued)****Value Partners HK Equity 50 Focus Fund**

	Total net foreign currency exposures			
	Non- monetary net assets <i>HK\$ equivalent</i>	Monetary net assets/ (liabilities) <i>HK\$ equivalent</i>	Percentage change %	Estimated impact on net assets <i>HK\$</i>
As at 30 June 2021				
Renminbi	10,382,536	-	+/-5	+/-519,127
Taiwan Dollar	-	9,413,613	+/-5	+/-470,681
United States Dollar*	-	(92,138)	+/-0	-
	<u>10,382,536</u>	<u>9,321,475</u>		
As at 30 June 2020				
Renminbi	-	1,279,728	+/-5	+/-63,986
United States Dollar*	21,837,812	(4,429)	+/-0	-
	<u>21,837,812</u>	<u>1,275,299</u>		

* The United States Dollar is currently linked to the Hong Kong Dollar, the functional currency, within a narrow range, and is therefore not exposed to significant foreign exchange risk.

Value Partners China HK Bond and Gold Fund

	Total net foreign currency exposures			
	Non- monetary net assets <i>HK\$ equivalent</i>	Monetary net assets <i>HK\$ equivalent</i>	Percentage change %	Estimated impact on net assets <i>HK\$</i>
As at 30 June 2021				
United States Dollar*	-	118,594,759	+/-0	-
	<u>-</u>	<u>118,594,759</u>		
As at 30 June 2020				
United States Dollar*	-	117,465,683	+/-0	-
	<u>-</u>	<u>117,465,683</u>		

* The United States Dollar is currently linked to the Hong Kong Dollar, the functional currency, within a narrow range, and is therefore not exposed to significant foreign exchange risk.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

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 Sub-Funds' overall market positions are monitored on a daily basis by the Manager.

Value Partners Asset Allocation Fund

As at 30 June 2021 and 2020, Value Partners Asset Allocation Fund only invests in Value Partners HK Equity 50 Focus Fund and Value Partners China HK Bond and Gold Fund. Therefore, it is only subjected to price risk of the two sub-funds.

Value Partners HK Equity 50 Focus Fund

As at 30 June 2021, Value Partners HK Equity 50 Focus Fund had no exposure to single security that is greater than 10% of net assets. As at 30 June 2020, Value Partners HK Equity 50 Focus Fund had one security that is greater than 10% of net assets as below.

	Fair value <i>HK\$</i>	% of net assets
As at 30 June 2020		
Tencent Holdings Ltd	36,647,100	10.04

Value Partners China HK Bond and Gold Fund

As at 30 June 2021 and 2020, Value Partners China HK Bond and Gold Fund had no exposure to single security that is greater than 10% of net assets.

The Sub-Funds' overall market exposures at the reporting date were as follows:

Value Partners Asset Allocation Fund

	% of net assets	
	2021	2020
Financial assets at fair value through profit or loss		
Approved pooled investment funds		
Hong Kong	100.03	92.43
	<u>100.03</u>	<u>92.43</u>

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (Continued)****(ii) Price risk (Continued)****Value Partners HK Equity 50 Focus Fund**

	% of net assets	
	2021	2020
Financial assets at fair value through profit or loss		
Listed equity securities		
China	1.69	-
Hong Kong		
- H shares	19.99	21.33
- Red chips	9.84	10.79
- Others	63.90	59.32
United States of America	-	5.98
	<u>95.42</u>	<u>97.42</u>

Value Partners China HK Bond and Gold Fund

	% of net assets	
	2021	2020
Financial assets at fair value through profit or loss		
Quoted debt securities		
Cayman Islands	1.39	3.36
China	38.18	33.18
Hong Kong	42.29	37.70
Philippines	0.85	0.84
Singapore	4.91	3.34
Thailand	-	1.70
	<u>87.62</u>	<u>80.12</u>
Listed investment funds		
Hong Kong	7.94	9.81
	<u>95.56</u>	<u>89.93</u>

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (Continued)****(ii) Price risk (Continued)**

The table below shows the analysis of the net position of equity securities of Value Partners HK Equity 50 Focus Fund by industry.

Value Partners HK Equity 50 Focus Fund

	2021	2020
	%	%
Financials	32.94	31.25
Consumer Discretionary	24.60	10.49
Telecommunication Services	13.04	16.86
Health Care	5.94	4.70
Industrials	5.31	5.81
Real Estate	5.12	13.00
Consumer Staples	4.65	1.01
Information Technology	4.44	7.33
Utilities	3.14	7.77
Materials	0.82	-
REIT	-	1.78
	<u>100.00</u>	<u>100.00</u>

The table below summarises the sensitivity of the Value Partners HK Equity 50 Focus Fund's portfolio of listed equity securities to equity price movements. The analysis is based on the assumptions that the FTSE MPF Hong Kong Index increased/decreased with all other variables held constant and that the fair value of the portfolio of listed equity securities of the Sub-Funds' moved according to their historical correlation with the index. The Manager does not manage price risk with reference to any market index. The index used below is for guidance and performance comparison purposes only.

Value Partners HK Equity 50 Focus Fund

	Percentage change		Estimated impact on net assets	
	2021	2020	2021	2020
	%	%	HK\$	HK\$
FTSE MPF Hong Kong Index	+/-30	+/-30	+/-182,620,529	+/-106,568,797

As Value Partners China HK Bond and Gold Fund predominantly invests in debt securities and related financial instruments, the market risk sensitivity analysis is covered under interest rate risk in note 4(a)(iii).

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (Continued)****(iii) Interest rate risk****Value Partners Asset Allocation Fund and Value Partners HK Equity 50 Focus Fund**

The majority of the Sub-Funds' financial assets and liabilities are non-interest bearing. As a result, the Sub-Funds' are not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Cash at banks is subject to interest rate risk as the return is derived from the current inter-bank lending rates. Debt securities are also subject to interest rate risk; however, the interest rate risk is not actively managed as it is not considered significant. As a result, no sensitivity analysis was deemed necessary.

Value Partners China HK Bond and Gold Fund

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 sub-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 sub-fund to cash flow interest rate risk.

The table below summarises the sub-funds' exposure to interest rate risk, categorised by the earlier of contractual reprising and maturity dates.

	Interest bearing			Non-interest bearing	Total
	<i>Less than 1 year HK\$</i>	<i>1 to 5 years HK\$</i>	<i>Over 5 years HK\$</i>		
As at 30 June 2021					
Assets					
Financial assets at fair value through profit or loss	7,911,998	111,575,052	81,914,686	18,243,260	219,644,996
Cash and cash equivalents	10,413,533	-	-	-	10,413,533
	<u>18,325,531</u>	<u>111,575,052</u>	<u>81,914,686</u>	<u>18,243,260</u>	<u>230,058,529</u>
Interest sensitivity gap	<u>18,325,531</u>	<u>111,575,052</u>	<u>81,914,686</u>		

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (Continued)****(iii) Interest rate risk (Continued)****Value Partners China HK Bond and Gold Fund (Continued)**

	Interest bearing			Non-interest bearing	Total
	<i>Less than 1 year HK\$</i>	<i>1 to 5 years HK\$</i>	<i>Over 5 years HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
As at 30 June 2020					
Assets					
Financial assets at fair value through profit or loss	31,645,671	103,799,667	52,305,502	22,999,740	210,750,580
Cash and cash equivalents	23,704,482	-	-	-	23,704,482
	<u>55,350,153</u>	<u>103,799,667</u>	<u>52,305,502</u>	<u>22,999,740</u>	<u>234,455,062</u>
Interest sensitivity gap	<u>55,350,153</u>	<u>103,799,667</u>	<u>52,305,502</u>		

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

Fair value interest rate risk

The table below summarises the sensitivity of the Sub-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	
	2021 %	2020 %	2021 HK\$	2020 HK\$
Interest rate	+/-0.5	+/-0.5	-553,224/+570,798	-473,024/+486,028

Cash flow interest rate risk

As at 30 June 2021 and 2020, if the interest rates on interest bearing net assets had been 50 basis points higher/lower with all other variables held constant, the net assets would have been approximately HK\$52,068 lower/higher (2020: HK\$118,522 lower/higher).

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit and counterparty risk**

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

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

	Value Partners Asset Allocation Fund HK\$	Value Partners HK Equity 50 Focus Fund HK\$	Value Partners China HK Bond and Gold Fund HK\$
As at 30 June 2021			
Counterparty			
Bank balances			
Aa3	59,198	26,336,881	10,413,533
Investments placed with custodian			
Aa3	846,013,897	587,926,026	219,644,996
Amounts receivable on subscription of units			
Unrated*	1,479,445	1,479,445	-
As at 30 June 2020			
Counterparty			
Bank balances			
Aa3	50,237,510	6,941,954	8,704,482
A1	-	-	15,000,000
Investments placed with custodian			
Aa3	599,436,152	355,666,648	210,750,580
Amounts receivable on subscription of units			
Unrated*	55,696	55,696	-

- * The credit quality of amounts receivable on subscription of units that are neither past due nor impaired can be assessed by historical information about counterparties default rates. The Manager considers there is no significant risk on such amounts receivable on subscription of units at the reporting date as there was no default history on such deposit and amounts receivable on subscription of units in the past.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(b) Credit and counterparty risk (Continued)**

The Sub-Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2021 and 30 June 2020, all other receivables, investments placed with custodian, cash and short-term deposits are held with counterparties with a credit rating of A1 or higher and are due to be settled within 3 months. The Manager considers the probability of default to be closed to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Funds.

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

No financial assets were overdue or impaired as at 30 June 2021.

Value Partners China HK Bond and Gold Fund

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

Credit rating (Moody's/S&P/Fitch)	2021 HK\$	2020 HK\$
Aaa/AAA	-	12,504,446
Aa1/AA+	15,020,667	5,204,182
Aa3/AA-	5,313,750	-
A1/A+	16,844,838	42,571,832
A2/A	24,004,973	6,123,535
A3/A-	57,550,594	37,350,623
Baa1/BBB+	23,591,252	39,363,462
Baa2/BBB	17,208,299	24,804,066
Baa3/BBB-	31,342,306	-
Unrated*	10,525,057	19,828,694
	201,401,736	187,750,840

- * 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.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

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.

	2021	2020
Credit rating (Moody's/S&P/Fitch)	HK\$	HK\$
A1/A+	-	5,090,822
A2/A	-	5,550,580
A3/A-	-	2,127,016
Baa1/BBB+	-	5,488,427
Baa2/BBB	-	1,571,849
Baa3/BBB-	10,525,057	-
	<u>10,525,057</u>	<u>19,828,694</u>

(c) Liquidity risk

The table below analyses the Sub-Funds' 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.

	Value Partners Asset Allocation Fund Less than 3 months HK\$	Value Partners HK Equity 50 Focus Fund Less than 3 months HK\$	Value Partners China HK Bond and Gold Fund Less than 3 months HK\$
As at 30 June 2021			
Amounts payable on purchase of investments	1,479,445	4,273,331	-
Amounts payable on redemption of units	420,736	420,737	-
Accruals and other payables	278,942	244,015	220,613
	<u>2,179,123</u>	<u>4,938,083</u>	<u>220,613</u>

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Liquidity risk (Continued)**

	Value Partners Asset Allocation Fund Less than 3 months HK\$	Value Partners HK Equity 50 Focus Fund Less than 3 months HK\$	Value Partners China HK Bond and Gold Fund Less than 3 months HK\$
As at 30 June 2020			
Amounts payable on purchase of investments	55,696	-	-
Amounts payable on redemption of units	905,734	-	-
Accruals and other payables	240,186	167,616	174,221
	<u>1,201,616</u>	<u>167,616</u>	<u>174,221</u>

Capital management

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

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

- Monitor subscriptions and redemptions activities relative to liquid assets;
- To protect the interest of unitholders and in exceptional circumstances, the Manager may limit the total number of units redeemed on any redemption day to 10% in aggregate in consultation with the Trustee 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 Sub-Funds invest may be relatively illiquid and the liquidity of these markets may fluctuate substantially over time. Investment of the Sub-Funds' assets in relatively illiquid securities may restrict the ability of the Sub-Funds 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 30 June 2021 and 2020, the Manager considers that the amount of such illiquid investments is relatively insignificant compared to the net assets attributable to unitholders and the majority of the Sub-Funds' asset can be realised within 7 days or less to generate cash inflows for managing liquidity risk.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(c) Liquidity risk (Continued)**

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

As at 30 June 2021	% of net assets
Value Partners Asset Allocation Fund	
Investor 1	100.00
Value Partners HK Equity 50 Focus Fund	
Value Partners Asset Allocation Fund	100.00
Value Partners China HK Bond and Gold Fund	
Value Partners Asset Allocation Fund	100.00
As at 30 June 2020	% of net assets
Value Partners Asset Allocation Fund	
Investor 1	100.00
Value Partners HK Equity 50 Focus Fund	
Value Partners Asset Allocation Fund	100.00
Value Partners China HK Bond and Gold Fund	
Value Partners Asset Allocation Fund	100.00

During the years ended 30 June 2021 and 2020, the Manager was remunerated by Investor 1 which is an institutional investor and no management fees was charged to the Sub-Funds.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

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 Sub-Funds' financial assets and liabilities (by class) measured at fair value as at the reporting date.

Value Partners Asset Allocation Fund

	Level 1	Level 2	Level 3	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
As at 30 June 2021				
Assets				
Approved pooled investment fund	-	846,013,897	-	846,013,897
	<hr/>	<hr/>	<hr/>	<hr/>
	-	846,013,897	-	846,013,897
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2020				
Assets				
Approved pooled investment fund	-	599,436,152	-	599,436,152
	<hr/>	<hr/>	<hr/>	<hr/>
	-	599,436,152	-	599,436,152
	<hr/>	<hr/>	<hr/>	<hr/>

Value Partners HK Equity 50 Focus Fund

	Level 1	Level 2	Level 3	Total
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
As at 30 June 2021				
Assets				
Listed equity securities	587,926,026	-	-	587,926,026
	<hr/>	<hr/>	<hr/>	<hr/>
	587,926,026	-	-	587,926,026
	<hr/>	<hr/>	<hr/>	<hr/>
As at 30 June 2020				
Assets				
Listed equity securities	355,666,648	-	-	355,666,648
	<hr/>	<hr/>	<hr/>	<hr/>
	355,666,648	-	-	355,666,648
	<hr/>	<hr/>	<hr/>	<hr/>

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Fair value estimation (Continued)****Value Partners China HK Bond and Gold Fund**

	Level 1 <i>HK\$</i>	Level 2 <i>HK\$</i>	Level 3 <i>HK\$</i>	Total <i>HK\$</i>
As at 30 June 2021				
Assets				
Listed investment funds	18,243,260	-	-	18,243,260
Quoted debt securities	-	201,401,736	-	201,401,736
	<u>18,243,260</u>	<u>201,401,736</u>	<u>-</u>	<u>219,644,996</u>
As at 30 June 2020				
Assets				
Listed investment funds	22,999,740	-	-	22,999,740
Quoted debt securities	-	187,750,840	-	187,750,840
	<u>22,999,740</u>	<u>187,750,840</u>	<u>-</u>	<u>210,750,580</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equity securities. The Sub-Funds do not adjust the quoted price for these investments.

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

Investments classified within level 3 have significant unobservable inputs, which are valued using model 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.

As at 30 June 2021 and 2020, the Sub-Funds did not hold any investments in level 3.

There are no any transfers between levels for the years ended 30 June 2021 and 2020.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**4 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Fair value estimation (Continued)****Value Partners China HK Bond and Gold Fund (Continued)**

The following table presents the movement in level 3 investments for the year.

	Year ended 30 June 2021 HK\$	Year ended 30 June 2020 HK\$
Opening balance	-	6,067,376
Purchase	-	-
Sales	-	(6,000,000)
Transfer from level 2 to level 3	-	-
Transfer from level 3 to level 2	-	-
Losses recognised in profit and loss	-	(67,376)
Closing balance	<u>-</u>	<u>-</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>-</u>	<u>-</u>

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

5 REDEEMABLE UNITS

Units of the Sub-Funds can be issued in different classes. All units are subject to daily redemption. The management fee charged to each classes of units are different as disclosed in note 6 (a).

The units can be put back to the Sub-Funds for cash equal to a proportionate share of the Sub-Funds' net asset value. The units are carried at the redemption amount that is payable at the reporting date if the unitholders exercise their right to put the units back to the Sub-Funds.

Class A Units are available generally for subscription by retirement schemes and certain institutional investors. Class B Units are available for subscription by retirement schemes and certain institutional investors agreed by the Manager.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**5 REDEEMABLE UNITS (CONTINUED)**

For the year ended 30 June 2021 and 2020, the Sub-Funds only issued Class B units, which are the most subordinate class of units and are classified as equity.

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

Number of units in issue

The movement of number of units in issue during the year ended 30 June 2021 and 2020 was as follows:

	Value Partners Asset Allocation Fund Class B	Value Partners HK Equity 50 Focus Fund Class B	Value Partners China HK Bond and Gold Fund Class B
As at 1 July 2020	58,964,033	35,405,011	21,871,473
Subscription of units	8,800,262	12,491,215	1,256,865
Redemption of units	(3,806,341)	(2,559,025)	(2,312,840)
As at 30 June 2021	<u>63,957,954</u>	<u>45,337,201</u>	<u>20,815,498</u>
As at 1 July 2019	62,684,552	23,370,050	43,298,479
Subscription of units	6,812,951	18,321,045	2,578,986
Redemption of units	(10,533,470)	(6,286,084)	(24,005,992)
As at 30 June 2020	<u>58,964,033</u>	<u>35,405,011</u>	<u>21,871,473</u>
	Value Partners Asset Allocation Fund	Value Partners HK Equity 50 Focus Fund	Value Partners China HK Bond and Gold Fund
Net asset value per unit as at 30 June 2021			
Class B	HK\$13.2243	HK\$13.5907	HK\$11.0422
Net asset value per unit as at 30 June 2020			
Class B	HK\$10.9988	HK\$10.3118	HK\$10.7147

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR ASSOCIATES OR DELEGATES**

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Funds and the Trustee, the Manager and their associates or delegates. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fee

The Manager is entitled to receive a management fee calculated and accrued at each valuation day and payable monthly in arrears as a percentage of the net asset value of each class of units in the Sub-Funds as at each valuation day at the rates as specified below:

	Class A	Class B
Value Partners Asset Allocation Fund	1.25% per annum	Nil*
Value Partners HK Equity 50 Focus Fund	0.8% per annum	Nil
Value Partners China HK Bond and Gold Fund	1% per annum	Nil

- * The Manager receives fees directly from a related party of investor 1 of Class B unit of Value Partners Asset Allocation Fund.

(b) Trustee fee

The Trustee is entitled to receive a fee calculated and accrued at each valuation day and payable monthly in arrears out of the assets of the Sub-Funds. The fee payable to the Trustee is subject to the rates as specified below:

	Class A	Class B
Value Partners Asset Allocation Fund	Nil	Nil
Value Partners HK Equity 50 Focus Fund	0.125% per annum	0.125% per annum
Value Partners China HK Bond and Gold Fund	0.125% per annum	0.125% per annum

The trustee fee is subject to minimum monthly fee as below:

	HK\$
Value Partners Asset Allocation Fund	8,000
Value Partners HK Equity 50 Focus Fund	20,000*
Value Partners China HK Bond and Gold Fund	20,000*

- * Reduced to HK\$10,000 per month for the period from 6 July 2018 to 31 December 2020.

For the year ended 30 June 2021 and 2020, Sub-Funds incurred trustee fee as below:

	2021	2020
	HK\$	HK\$
Value Partners Asset Allocation Fund	Nil	Nil
Value Partners HK Equity 50 Focus Fund	647,124	435,453
Value Partners China HK Bond and Gold Fund	301,227	369,265

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR ASSOCIATES OR DELEGATES (CONTINUED)****(b) Trustee fee (Continued)**

As at 30 June 2021 and 2020, outstanding trustee fee payable of Sub-Funds as follow:

	2021	2020
	<i>HK\$</i>	<i>HK\$</i>
Value Partners Asset Allocation Fund	Nil	Nil
Value Partners HK Equity 50 Focus Fund	62,699	36,789
Value Partners China HK Bond and Gold Fund	23,644	23,885

(c) Manager's and its related parties' holding in the Sub-Funds

The Manager and its related parties held units of the Sub-Funds as follows:

Value Partners Asset Allocation Fund

There are no any units of the Sub-Funds held by the Manager and its related parties for the year ended 30 June 2021.

	As at	Issue	Redemption	As at
	1 July 2019	of units	of units	30 June 2020
Year ended 30 June 2020				
Class B				
Value Partners High-Dividend Stocks Fund*	3,900,000	-	(3,900,000)	-

* Value Partners High-Dividend Stocks Fund and Value Partners Greater China High Yield Income Fund are managed by the Manager.

Value Partner HK Equity 50 Focus Fund and Value Partner China HK Bond and Gold Fund are 100% of holding by Value Partners Asset Allocation Fund during the year ended 30 June 2021 and 2020.

(d) Preliminary charges

The Manager is entitled to receive a preliminary charge on issue of units which represents up to 5% of the issue price. For the year ended 30 June 2021 and 2020, no preliminary charge on issue of redeemable participating shares was charged by the Manager.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR ASSOCIATES OR DELEGATES (CONTINUED)****(e) Other transactions and balances with the Trustee, the Manager and its related parties**

The Manager reimbursed Value Partners Asset Allocation Fund amounted to HK\$Nil (2020: HK\$4,465) during the year ended 30 June 2021. This reimbursement is presented as other income in the statement of comprehensive income.

In addition to the trustee fee as disclosed in note 6(b), the Sub-Funds had the following additional transactions with the Trustee and its related parties which also serve as a distributor of the Sub-Funds and nominees for the Sub-Funds' investors. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

	Value Partners Asset Allocation Fund 2021 HK\$	Value Partners HK Equity 50 Focus Fund 2021 HK\$	Value Partners China HK Bond and Gold Fund 2021 HK\$
Interest on bank deposits	261	455	208
Dividends	-	537,692	-
Management fee Rebate	-	-	84,905
Transaction costs*	-	70,493	7,053

	Value Partners Asset Allocation Fund 2020 HK\$	Value Partners HK Equity 50 Focus Fund 2020 HK\$	Value Partners China HK Bond and Gold Fund 2020 HK\$
Interest on bank deposits	148,589	39,760	33,941
Dividends	-	721,496	-
Management fee Rebate	-	-	35,945
Transaction costs*	-	80,393	13,392

* The Sub-Funds paid commission to a related parties of the Trustee for the purchases and sales of investments during the year ended 30 June 2021 and 2020 are as follow:

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR ASSOCIATES OR DELEGATES (CONTINUED)****(e) Other transactions and balances with the Trustee, the Manager and its related parties (Continued)**

	Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
	2021	2020	2021	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Total commission paid of the sub-funds	658,690	385,156	5,903	14,143
Total commission paid to the related parties of the Trustee	52,430	74,348	-	4,953
The total aggregate value of the purchases and sales through the related parties of the Trustee	115,541,206	354,270,236	22,287,792	216,946,246
% of such transactions through the related parties of the Trustee to the total purchases and sales of the sub-funds	13.20%	49.60%	9.27%	35.58%
Average commission rate effected through the related parties of the Trustee	0.05%	0.02%	-	-

In addition to the trustee fee payables as disclosed in note 6(b), the Sub-Funds had the following additional balances with the Trustee and its related parties.

	Value Partners Asset Allocation Fund	Value Partners HK Equity 50 Focus Fund	Value Partners China HK Bond and Gold Fund
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
As at 30 June 2021			
Bank balance	59,198	26,336,881	10,413,533
Management fee rebate receivable	-	-	6,901
Transaction costs payable	-	505	497

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR ASSOCIATES OR DELEGATES (CONTINUED)****(e) Other transactions and balances with the Trustee, the Manager and its related parties (Continued)**

	Value Partners Asset Allocation Fund HK\$	Value Partners HK Equity 50 Focus Fund HK\$	Value Partners China HK Bond and Gold Fund HK\$
As at 30 June 2020			
Bank balance	50,237,510	6,941,954	8,704,482
Management fee rebate receivable	-	-	15,092
Transaction costs payable	-	310	4,216
Interest receivable on bank deposits	87	4	18,649
	<u>50,237,510</u>	<u>6,941,954</u>	<u>8,704,482</u>

In addition to the above transactions and balances with the Trustee and its related parties, Value Partners HK Equity 50 Focus Fund had an investment of HK\$21,689,460 (2020: HK\$10,136,000) in HSBC Holdings Plc, which is the ultimate holding company of the Trustee respectively as at 30 June 2021 and 30 June 2020.

7 CASH AND CASH EQUIVALENTS

	Value Partners Asset Allocation Fund HK\$	Value Partners HK Equity 50 Focus Fund HK\$	Value Partners China HK Bond and Gold Fund HK\$
As at 30 June 2021			
Cash held with bank	59,198	26,336,881	10,413,533
	<u>59,198</u>	<u>26,336,881</u>	<u>10,413,533</u>

	Value Partners Asset Allocation Fund HK\$	Value Partners HK Equity 50 Focus Fund HK\$	Value Partners China HK Bond and Gold Fund HK\$
As at 30 June 2020			
Cash held with bank	5,000,004	5,000,004	5,000,004
Time deposit with maturity of three months or less when acquired	45,237,506	1,941,950	18,704,478
	<u>50,237,510</u>	<u>6,941,954</u>	<u>23,704,482</u>

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 TAXATION

(a) Hong Kong

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

(b) Other jurisdictions

Overseas withholding tax was charged on certain dividend and investment income received during the year ended 30 June 2021 and 2020.

9 DISTRIBUTION TO UNITHOLDERS

The Manager does not intend to make distributions in respect of any of the Sub-Funds. Income and net capital gains realised on the sale of investments, if any, earned by the Sub-Funds will be reinvested in that the Sub-Funds and reflected in the value of units of that Sub-Funds.

10 SOFT COMMISSION ARRANGEMENTS

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 Sub-Funds (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out (the "brokers"). Soft dollars may be received from them provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of the customary full-service brokerage rates.

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

The Manager will consider many judgemental factors deemed relevant in determining whether a broker will provide best execution. In general, investment orders will be allocated to brokers based on the range and overall quality of services offered by the broker. The core factors in determining the quality of services are the execution performance and capability of the broker. Other factors, such as the quality and quantity of research and investment ideas offered, access to potential investee companies and commission rate charges, would also be taken into consideration. Soft dollar benefits received from the brokers should not be a determinant factor on allocating orders among brokers. 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.

VALUE PARTNERS CHOICE INVESTMENT FUNDS

- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**11 SECURITY LENDING ARRANGEMENTS**

During the year ended 30 June 2021 and 2020, the Sub-Funds did not enter into any security lending arrangements.

12 NEGOTIABILITY OF ASSETS

As at 30 June 2021 and 2020, there were no statutory or contractual requirements restricting the negotiability of the assets of the Sub-Funds.

13 COMMITMENTS

The Sub-Funds had no capital commitments as at 30 June 2021 and 2020.

14 CONTINGENT LIABILITIES

The Sub-Funds had no contingent liabilities as at 30 June 2021 and 2020.

15 BANK LOANS AND OTHER BORROWINGS

The Sub-Funds had no bank loans and other borrowings as at 30 June 2021 and 2020.

16 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 21 October 2021.