

**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 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

<b>Contents</b>	<b>Pages</b>
General information	2
Manager's report	3 – 8
Investment report	9 – 19
Trustee's report	20
Independent auditor's report	21 – 23
Statement of financial position	24
Statement of comprehensive income	25
Statement of changes in net assets attributable to unitholders	26
Statement of cash flows	27 – 28
Notes to the financial statements	29 – 56

**VALUE PARTNERS CHOICE INVESTMENT FUNDS**

- VALUE PARTNERS ASSET ALLOCATION FUND
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**GENERAL INFORMATION****Manager**

Value Partners Hong Kong Limited  
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**Directors of the Manager**

Dato' Seri Cheah Cheng Hye  
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## **VALUE PARTNERS CHOICE INVESTMENT FUNDS**

- VALUE PARTNERS ASSET ALLOCATION FUND
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- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

## **MANAGER'S REPORT**

### **VALUE PARTNERS ASSET ALLOCATION FUND**

Continuous COVID-19 spread took a center stage in the financial markets in the second part of the fiscal year ended 30 June 2020, as the outbreak intensified and turned global. The Fund generated a 10.0% return since inception, while it fell 2.5% in the fiscal year ended 30 June 2020. In comparison, the reference benchmark (50% FTSE MPF HK + 25% Markit iBoxx ALBI HK + 25% HK 3M HIBOR) returned 11.0% and fell 0.4%, respectively.

The major overhang caused by the pandemic disturbed the risk-on sentiment emerging towards the end of 2019. As the virus spread turned global in March 2020, the panic over the likelihood of recession led to a sell-down across the board. Moreover, China, among other countries, first walked out of the epidemic. The country has since recorded a sequential growth and flipped some losses to a year-on-year growth. China's recovery progress is well documented in a set of macro indicators. After posting a 6.8%<sup>1</sup> contraction in the first-quarter economic growth, China's GDP returned to a growth of 3.2%<sup>2</sup> in the next quarter.

#### **Experience should guide through a next wave**

The COVID-19 risks remain in the world. Though, our understanding of containment and recovery is widely enhanced after months of virus spread. The countries that discovered and healed themselves from the pandemic early, such as China, Taiwan and Korea, share similar experiences. They tend to run an active virus tracking system, adopt a stringent testing approach and conduct regular neighborhood surveillance to stem the infection chain from expanding.

We continue our constant and mindful watch over the possibility of the second-wave spread as the world economy continues to re-open and vaccine or cure are yet to be made available. However, we expect impacts would be less severe than the first occurrence, assuming the virus does not evolve to a new type of COVID-19. This is because governments globally have obtained experiences in virus and border control under a clear framework.

#### **Sino-U.S. tension impact is rather symbolic**

The Sino-U.S. relations turned strained towards the end of the reporting period, which we believe is considered an extension of the quarrel since April 2018. But despite the continued geopolitical noises, we expect the relationship would likely be unchanged over the near term.

Following the latest developments, we would find that the conflicts moved beyond the tariffs to emphasize on technology know-how and investment restrictions. The means are likely to achieve the political ends with lesser economic damages on the already-frail economy of the world's two biggest nations. Thus, we foresee the market volatility to elevate and suggest that the clarity in policy details would be a factor in deciding market directions. Though, the potential restrictions should stage a more symbolic impact than carrying actual damage to the economy and stock markets.

#### **China's ample policy room serves as support**

Policy easing is prevalent in virtually every major financial market. Such a scale of rescue package helps anchor the economy as the risks have yet to subside. Over the past months, China has provided credit facilities to assist small-scale companies in overcoming the public health crisis. In our view, an end to a lockdown with business and labor market stability would prevent the country from more serious difficulties from a real recovery.

**VALUE PARTNERS CHOICE INVESTMENT FUNDS**

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

We believe that China's "first-in, first-out" case in the pandemic will continue to play out and the subsequent recovery would provide a tailwind for the equity market. Moreover, corporate earnings recovery is expected to be uneven among sectors and the disparity in company earnings and macro expectations to emerge. With that in mind, it is crucial to identify whether share prices are supported by short-term sentiments or respective underlying fundamental strength, which we believe the latter would be much more rewarding in the region's recovery path.

**Value Partners Hong Kong Limited**

23 October 2020

*1. Source: National Bureau of Statistics of China, 16 April, 2020**2. Source: National Bureau of Statistics of China, 16 July, 2020*

## **VALUE PARTNERS CHOICE INVESTMENT FUNDS**

- VALUE PARTNERS ASSET ALLOCATION FUND
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## **MANAGER'S REPORT (Continued)**

### **Value Partners HK Equity 50 Focus Fund**

Hong Kong has been under pressure for most of the fiscal year ended 30 June 2020, primarily attributed to the negative sentiments stemming from a series of social unrest and the pandemic. The Fund gained 3.1% in return since inception, while it fell 8.5% in the fiscal year ended 30 June 2020. In comparison, the reference benchmark, the FTSE MPF Hong Kong Index returned 9.7% and slid 5.6% over the respective periods.

The city has been caught between the U.S. and China, as the tension of the duo flared up on the trade and technology fronts. As the geopolitical headlines were heated, market optimism for Hong Kong equities was limited. On the domestic economy, Hong Kong posted a 9% contraction in the second-quarter GDP<sup>1</sup>, extending a contraction for four quarters in a row from July 2019<sup>1</sup>, reflecting a pressure on the local sectors.

### **Experience should guide through a next wave**

The COVID-19 risks remain in the world. Though, our understanding of containment and recovery is widely enhanced after months of virus spread. The countries that discovered and healed themselves from the pandemic early, such as China, Taiwan and Korea, share similar experiences. They tend to run an active virus tracking system, adopt a stringent testing approach and conduct regular neighborhood surveillance to stem the infection chain from expanding.

We continue our constant and mindful watch over the possibility of the second-wave spread as the world economy continue to re-open and vaccine or cure are yet to be made available. However, we expect impacts would be less severe than the first occurrence, assuming the virus does not evolve to a new type of COVID-19. This is because governments globally have obtained experiences in virus and border control under a clear framework.

### **Sino-U.S. tension impact is rather symbolic**

The Sino-U.S. relations turned strained towards the end of the reporting period, which we believe is considered an extension of the quarrel since April 2018. But despite the continued geopolitical noises, we expect the relationship would likely be unchanged over the near term.

Following the latest developments, we would find that the conflicts moved beyond the tariffs to emphasize on technology know-how and investment restrictions. The means are likely to achieve the political ends with lesser economic damages on the already-frail economy of the world's two biggest nations. Thus, we foresee the market volatility to elevate and suggest that the clarity in policy details would be a factor in deciding market directions. Though, the potential restrictions should stage a more symbolic impact than carrying actual damage to the economy and stock markets.

### **China's ample policy room serves as support**

Policy easing is prevalent in virtually every major financial market. Such a scale of rescue package helps anchor the economy as the risks have yet to subside. Over the past months, China has provided credit facilities to assist small-scale companies in overcoming the public health crisis. In our view, an end to a lockdown with business and labor market stability would prevent the country from more serious difficulties from a real recovery.

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

**MANAGER'S REPORT (Continued)****Value Partners HK Equity 50 Focus Fund (Continued)****Outlook**

Corporate earnings recovery is expected to be uneven among sectors and the disparity in company earnings and macro expectations to emerge. With that in mind, it is crucial to identify whether share prices are supported by short-term sentiments or respective underlying fundamental strength, which we believe the latter would be much more rewarding in the region's recovery path. We thus continue to adhere to the fundamental stock selection. In Hong Kong, domestic-facing sectors, such as property developers and banks, have capped investor sentiment toward the overall equity market, given the city's uncertain economic and political situations. Although some China-related sectors are deemed more promising in terms of earnings outlook, the overall market will remain sideways until investor confidence is restored. The pace of the recovery will be key to decide on a long-term market direction.

**Value Partners Hong Kong Limited**

23 October 2020

*1. Source: Census and Statistics Department of Hong Kong SAR, 14 Aug 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

## **MANAGER'S REPORT (Continued)**

### **Value Partners China HK Bond and Gold Fund**

Continuous COVID-19 spread took a center stage in the financial markets in the second part of the fiscal year ended 30 June 2020, as the outbreak intensified and turned global. The Fund generated a 7.15% return since inception, while it upped 4.6% in the fiscal year ended 30 June 2020. In comparison, the reference benchmark (50% Markit iBoxx ALBI Hong Kong + 50% HK 3M HIBOR) had returns of 3.7% and 8.4 %, respectively.

The major overhang caused by the pandemic disturbed the risk-on sentiment emerging towards the end of 2019. As the virus spread turned global in March 2020, the panic over the likelihood of recession led to a sell-down across the board. Moreover, China, among other countries, first walked out of the epidemic. The country has since recorded a sequential growth and flipped some losses to a year-on-year growth. China's recovery progress is well documented in a set of macro indicators. After posting a 6.8%<sup>1</sup> contraction in the first-quarter economic growth, China's GDP returned to a growth of 3.2%<sup>2</sup> in the next quarter. Also, its manufacturing Purchasing Managers' Index reading climbed to the expansionary territory at end-June<sup>3</sup>, signaling a resumption of business activities.

### **Experience cuts through pandemic risks**

The COVID-19 risks remain in the world. Though, our understanding of containment and recovery is widely enhanced after months of virus spread. The countries that discovered and healed themselves from the pandemic early, such as China, Taiwan and Korea, share similar experiences. They tend to run an active virus tracking system, adopt a stringent testing approach and conduct regular neighborhood surveillance to stem the infection chain from expanding.

We continue our constant and mindful watch over the possibility of the second-wave spread as the world economy continues to re-open and vaccine or cure are yet to be made available. However, we expect impacts would be less severe than the first occurrence, assuming the virus does not evolve to a new type of COVID-19. This is because governments globally have obtained experiences in virus and border control under a clear framework.

### **Symbolic impacts of Sino-U.S. tension**

The Sino-U.S. relations turned strained towards the end of the reporting period, which we believe is considered an extension of the quarrel since April 2018. But despite the continued geopolitical noises, we expect the relationship would likely be unchanged over the near term.

Following the latest developments, we would find that the conflicts moved beyond the tariffs to emphasize on technology know-how and investment restrictions. The means are likely to achieve the political ends with lesser economic damages on the already-frail economy of the world's two biggest nations. Thus, we foresee the market volatility to elevate and suggest that the clarity in policy details would be a factor in deciding market directions. Though, the potential restrictions should stage a more symbolic impact than carrying actual damage to the economy and stock markets.

### **China's support with ample policy room**

Policy easing is prevalent in virtually every major financial market. Such a scale of rescue package helps anchor the economy as the risks have yet to subside. Over the past months, China has provided credit facilities to assist small-scale companies in overcoming the public health crisis. In our view, an end to a lockdown with business and labor market stability would prevent the country from more serious difficulties from a real recovery.



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

### MANAGER'S REPORT (Continued)

#### Value Partners China HK Bond and Gold Fund (Continued)

##### Outlook

We believe that China's "first-in, first-out" case in the pandemic will continue to play out and the subsequent recovery would provide a tailwind for the equity market. Moreover, corporate earnings recovery is expected to be uneven among sectors and the disparity in company earnings and macro expectations to emerge. With that in mind, it is crucial to identify whether share prices are supported by short-term sentiments or respective underlying fundamental strength, which we believe the latter would be much more rewarding in the region's recovery path.



**Value Partners Hong Kong Limited**

23 October 2020

1. Source: National Bureau of Statistics of China, 16 April, 2020
2. Source: National Bureau of Statistics of China, 16 July, 2020
3. Source: National Bureau of Statistics of China, 1 July, 2020

*All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in USD terms on NAV-to-NAV basis with dividends reinvested) as at 30 June 2020. Performance data is net of all fees. All indices are for reference only.*

*Individual stock performance is not indicative of fund performance.*

*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.*

## **VALUE PARTNERS CHOICE INVESTMENT FUNDS**

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

## **INVESTMENT REPORT (Unaudited)**

**FOR THE YEAR ENDED 30 JUNE 2020**

## **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.

**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)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**PERFORMANCE RECORD**

	Value Partners Asset Allocation Fund			Value Partners HK Equity 50 Focus Fund		
	2020 HK\$	2019 HK\$	2018 <sup>1</sup> HK\$	2020 HK\$	2019 HK\$	2018 <sup>2</sup> HK\$
Net (loss)/income excluding capital (depreciation)/appreciation	(147,219)	(38,822)	61,436	7,573,784	8,354,043	2,624,251
Capital (depreciation)/appreciation - Realised and unrealised	(18,160,007)	8,591,892	18,709,198	(36,965,826)	(12,882,315)	18,944,677
Income derived from investments						
- Dividend income	-	-	-	9,709,416	10,114,211	4,145,008
- Interest on bank deposits	172,590	94	25	39,760	5,216	829
Total net investments	599,436,152	706,837,627	584,379,748	355,666,648	257,558,190	140,204,188
Total net asset value	648,535,983	706,975,691	584,655,064	365,090,247	263,269,047	147,095,022
Net asset value per unit:						
- Class B units	10.9988	11.2783	11.1321	10.3118	11.2652	11.3895
Fund expense ratio <sup>3</sup>						
- Class B units	0.25%	0.33%	0.38%	0.20%	0.33%	0.33%
- Class B units (Net) <sup>Note</sup>	0.25%	0.28%	0.28%	-	-	-
Transaction costs						
- Class B units	-	-	-	1,067,511	623,071	906,460

<sup>1</sup> For the period from 5 July 2017 (date of commencement of operations) to 30 June 2018.

<sup>2</sup> For the period from 6 July 2017 (date of commencement of operations) to 30 June 2018.

<sup>3</sup> 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 in current year as compared with the FER calculated in last year.

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

**INVESTMENT REPORT (Unaudited) (Continued)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**PERFORMANCE RECORD (continued)**

	Value Partners China HK Bond and Gold Fund		
	2020 HK\$	2019 HK\$	2018 <sup>2</sup> HK\$
Net (loss)/income excluding capital (depreciation)/appreciation	(646,962)	(704,780)	(469,347)
Capital (depreciation)/appreciation - Realised and unrealised	11,877,086	13,826,735	(2,389,774)
Income derived from investments			
- Dividend income	52,781	31,658	50,571
- Interest on bank deposits	-	-	-
Total net investments	210,750,580	423,000,685	428,866,530
Total net asset value	234,345,905	443,568,580	437,284,726
Net asset value per unit:			
- Class B units	10.7147	10.2444	9.9132
Fund expense ratio <sup>3</sup>			
- Class B units	0.23%	0.24%	0.26%
- Class B units (Net) <sup>Note</sup>	-	-	-
Transaction costs			
- Class B units	14,869	12,961	82,743

<sup>2</sup> For the period from 6 July 2017 (date of commencement of operations) to 30 June 2018.

<sup>3</sup> 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 in current year as compared with the FER calculated in last year.

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

**INVESTMENT REPORT (Unaudited) (Continued)**

**FOR THE YEAR ENDED 30 JUNE 2020**

**PERFORMANCE RECORD (Continued)**

<b>Highest issue price per unit</b>			
	<b>Value Partners Asset Allocation Fund<sup>2</sup> Class B HK\$</b>	<b>Value Partners HK Equity 50 Focus Fund<sup>3</sup> Class B HK\$</b>	<b>Value Partners China HK Bond and Gold Fund<sup>3</sup> Class B HK\$</b>
2020	11.7909	11.7284	10.7147
2019	11.7177	11.9055	10.2546
2018	11.9959	12.9722	10.0343
<b>Lowest redemption price per unit</b>			
	<b>Value Partners Asset Allocation Fund<sup>2</sup> Class B HK\$</b>	<b>Value Partners HK Equity 50 Focus Fund<sup>3</sup> Class B HK\$</b>	<b>Value Partners China HK Bond and Gold Fund<sup>3</sup> Class B HK\$</b>
2020	9.9267	8.6584	10.2250
2019	10.7076	9.8952	9.8779
2018	9.9452	9.9273	9.9097
<b>Net investment return<sup>1</sup></b>			
	<b>Value Partners Asset Allocation Fund<sup>2</sup> Class B %</b>	<b>Value Partners HK Equity 50 Focus Fund<sup>3</sup> Class B %</b>	<b>Value Partners China HK Bond and Gold Fund<sup>3</sup> Class B %</b>
2020	(2.4782)	(8.4632)	4.5908
2019	1.3133	(1.0914)	3.3410
2018	11.3221	14.1061	(0.7340)

<sup>1</sup> 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.

<sup>2</sup> For the period from 5 July 2017 (date of commencement of operations) to 30 June 2018.

<sup>3</sup> For the period from 6 July 2017 (date of commencement of operations) to 30 June 2018.

**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**

*AS AT 30 June 2020*

**VALUE PARTNERS ASSET ALLOCATION FUND**

	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Approved pooled investment funds</b>			
<b>Hong Kong</b>			
Value Partners China HK Bond and Gold Fund Class B	21,871,473	234,345,905	36.13
Value Partners HK Equity 50 Focus Fund Class B	35,405,011	365,090,247	56.30
<b>Financial assets at fair value through profit or loss</b>		<u>599,436,152</u>	<u>92.43</u>
Cash and cash equivalents		50,237,510	7.75
Other net liabilities		(1,137,679)	(0.18)
<b>Total net assets</b>		<u>648,535,983</u>	<u>100.00</u>
<b>Total investments, at cost</b>		<u>608,507,117</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 2020

**VALUE PARTNERS HK EQUITY 50 FOCUS FUND**

	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Listed equity securities</b>			
<b>Hong Kong – H Shares</b>			
Agricultural Bank of China Ltd H Shrs	1,120,000	3,494,400	0.96
China Construction Bank Corp H Shrs	2,650,000	16,615,500	4.55
China International Capital Corp Ltd H Shrs	394,400	6,002,768	1.64
China Merchants Bank Co Ltd H Shrs	210,000	7,486,500	2.05
CITIC Securities Co Ltd H Shrs	670,000	9,822,200	2.69
Dongfeng Motor Group Co Ltd H Shrs	800,000	3,704,000	1.02
Industrial & Commercial Bank of China Ltd H Shrs	2,100,000	9,870,000	2.70
Ping An Insurance (Group) Co of China Ltd H Shrs	180,000	13,950,000	3.82
Sinopharm Group Co Ltd H Shrs	350,000	6,944,000	1.90
		<hr/> 77,889,368	<hr/> 21.33
<b>Hong Kong – Red Chips</b>			
China Mobile Ltd	200,000	10,460,000	2.86
China Overseas Land & Investment Ltd	302,000	7,081,900	1.94
China Resources Land Ltd	190,000	5,576,500	1.53
China Resources Power Holdings Co Ltd	400,000	3,644,000	1.00
CSPC Pharmaceutical Group Ltd	667,200	9,767,808	2.68
Shenzhen International Holdings Ltd	231,000	2,850,540	0.78
		<hr/> 39,380,748	<hr/> 10.79
<b>Hong Kong – Others</b>			
AIA Group Ltd	467,000	33,764,100	9.25
ANTA Sports Products Ltd	60,000	4,104,000	1.12
China Conch Venture Holdings Ltd	135,000	4,414,500	1.21
China Tower Corp Ltd	2,500,000	3,425,000	0.94
CIFI Holdings Group Co Ltd	1,100,000	6,644,000	1.82
CK Asset Holdings Ltd	219,500	10,140,900	2.78
CK Hutchison Holdings Ltd	125,000	6,225,000	1.71
CK Infrastructure Holdings Ltd	140,000	5,586,000	1.53
CLP Holdings Ltd	100,000	7,600,000	2.08
ENN Energy Holdings Ltd	80,000	6,976,000	1.91
Galaxy Entertainment Group Ltd	145,000	7,648,750	2.10
HSBC Holdings PLC	280,000	10,136,000	2.78
JD.com Inc	19,650	4,554,870	1.25
Kingdee International Software Group Co Ltd	240,000	4,324,800	1.18

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- 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 2020***VALUE PARTNERS HK EQUITY 50 FOCUS FUND (Continued)**

	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Hong Kong – Others (Continued)</b>			
Kingsoft Corp Ltd	200,000	7,210,000	1.97
Link Real Estate Investment Trust	100,000	6,335,000	1.74
Logan Property Holdings Co Ltd	400,000	5,488,000	1.50
Lvji Technology Holdings Inc	3,088,000	2,933,600	0.80
Melco International Development Ltd	240,000	3,600,000	0.99
New World Development Co Ltd	178,000	6,550,400	1.79
PCCW Ltd	1,350,000	5,967,000	1.63
Power Assets Holdings Ltd	90,000	3,793,500	1.04
Sun Hung Kai Properties Ltd	48,000	4,749,600	1.30
Techtronic Industries Co Ltd	95,000	7,201,000	1.97
Tencent Holdings Ltd	73,500	36,647,100	10.04
Tingyi (Cayman Islands) Holding Corp	300,000	3,606,000	0.99
Xiaomi Corp	540,000	6,933,600	1.90
		<u>216,558,720</u>	<u>59.32</u>
<b>United States of America</b>			
21Vianet Group Inc ADR	25,000	4,623,084	1.26
Alibaba Group Holding Ltd ADR	5,850	9,779,740	2.68
Vipshop Holdings Ltd ADR	25,500	3,934,891	1.08
YY Inc ADR	5,100	3,500,097	0.96
		<u>21,837,812</u>	<u>5.98</u>
<b>Financial assets at fair value through profit or loss</b>		<u>355,666,648</u>	<u>97.42</u>
Cash and cash equivalents		6,941,954	1.90
Other net assets		2,481,645	0.68
<b>Total net assets</b>		<u>365,090,247</u>	<u>100.00</u>
<b>Total investments, at cost (inclusive of transaction cost)</b>		<u>368,876,013</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 2020

**VALUE PARTNERS CHINA HK BOND AND GOLD FUND**

	<b>Holdings</b>	<b>Fair value HK\$</b>	<b>% of net assets</b>
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Listed investment funds</b>			
<b>Hong Kong</b>			
Value Gold ETF	539,900	22,999,740	9.81
<b>Quoted debt securities</b>			
<b>Hong Kong Dollar</b>			
China Overseas Finance Cayman VIII Ltd 2.9% 1/15/2025	3,000,000	3,137,460	1.34
CK Property Finance MTN Ltd 2.25% 8/25/2022	2,000,000	2,031,182	0.87
HKCG Finance Ltd 3.4% 2/7/2022	7,000,000	7,247,263	3.09
HKCG Finance Ltd 4.25% 6/3/2024	9,000,000	9,846,150	4.20
Hong Kong Mortgage Corp Ltd 5.4% 5/31/2021	12,000,000	12,504,446	5.34
Hongkong Electric Finance Ltd 2.55% 8/1/2028	9,000,000	9,351,802	3.99
Link Finance Cayman 2009 Ltd/The 2.4% 2/10/2022	3,000,000	3,048,550	1.30
Sun Hung Kai Properties Capital Market Ltd 3.23% 1/10/2023	5,000,000	5,207,927	2.22
Sun Hung Kai Properties Capital Market Ltd 4% 4/16/2024	8,500,000	9,137,107	3.90
Sun Hung Kai Properties Capital Market Ltd 4.05% 2/24/2021	3,000,000	3,069,340	1.31
Swire Pacific MTN Financing Ltd 2.7% 6/30/2027	2,000,000	2,042,298	0.87
Swire Pacific MTN Financing Ltd 3.15% 11/15/2022	2,000,000	2,127,016	0.91
Swire Properties MTN Financing Ltd 1.8% 8/17/2021	1,500,000	1,510,680	0.64
		70,261,221	29.98
<b>United States Dollar</b>			
Airport Authority Hong Kong 3.45% 2/21/2029	600,000	5,204,182	2.22
BOC Aviation Ltd 2.75% 12/2/2023	1,000,000	7,834,017	3.34
CDBL Funding 2 2.625% 8/1/2020	400,000	3,136,745	1.34
Chengdu Communications Investment Group Co Ltd 4.75% 12/13/2027	1,000,000	7,873,542	3.36
China Great Wall International Holdings III Ltd 2.75% 8/31/2020	300,000	2,350,967	1.00
CK Hutchison International 17 II Ltd 2.25% 9/29/2020	200,000	1,562,486	0.67
CNAC HK Finbridge Co Ltd 3% 7/19/2020	200,000	1,571,849	0.67
Hongkong Electric Finance Ltd 2.25% 6/9/2030	300,000	2,314,328	0.99
Hongkong Xiangyu Investment Co Ltd 4.5% 1/30/2023	1,000,000	8,000,338	3.41
HPHT Finance 17 Ltd 2.75% 9/11/2022	200,000	1,591,058	0.68
Huarong Finance 2019 Co Ltd 3.375% 2/24/2030	750,000	5,778,910	2.47
Huarong Finance 2019 Co Ltd 3.875% 11/13/2029	750,000	5,981,721	2.55

**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 2020

**VALUE PARTNERS CHINA HK BOND AND GOLD FUND (Continued)**

	Holdings	Fair value HK\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Quoted debt securities (Continued)</b>			
<b>United States Dollar (Continued)</b>			
Hysan MTN Ltd 2.82% 9/4/2029	1,000,000	7,815,957	3.34
ICBCIL Finance Co Ltd 3.2% 11/10/2020	200,000	1,564,305	0.67
Industrial & Commercial Bank of China Asia Ltd 5.125% 11/30/2020	250,000	1,974,544	0.84
Inventive Global Investments Ltd 2.5% 9/19/2020	250,000	1,956,912	0.83
Nanjing Yangzi State-owned Investment Group Co Ltd 3.625% 12/5/2022	1,290,000	10,093,212	4.31
PLDT Inc 2.5% 1/23/2031	250,000	1,969,355	0.84
PTTEP Treasury Center Co Ltd 2.587% 6/10/2027	500,000	3,973,407	1.70
Sinopec Group Overseas Development 2017 Ltd 2.25% 9/13/2020	250,000	1,954,077	0.83
Vigorous Champion International Ltd 2.75% 6/2/2025	900,000	7,010,577	2.99
Weibo Corp 3.5% 7/5/2024	500,000	4,071,612	1.74
Xingsheng BVI Co Ltd 4.5% 9/20/2021	1,000,000	8,064,045	3.44
Yongda Investment Ltd 2.25% 6/16/2025	750,000	5,849,252	2.50
Zhengzhou Metro Group Co Ltd 5% 12/20/2021	1,000,000	7,992,221	3.41
		117,489,619	50.14
<b>Financial assets at fair value through profit or loss</b>		210,750,580	89.93
Cash and cash equivalents		23,704,482	10.12
Other net liabilities		(109,157)	(0.05)
<b>Total net assets</b>		234,345,905	100.00
<b>Total investments, at cost (inclusive of transaction cost)</b>		203,116,201	

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 2020***VALUE PARTNERS ASSET ALLOCATION FUND**

	<b>% of net assets</b>	
	<b>2020</b>	<b>2019</b>
<b>Financial assets at fair value through profit or loss</b>		
<b>Approved pooled investment funds</b>		
Hong Kong	92.43	99.98
	<hr/>	<hr/>
<b>Total investment, net</b>	92.43	99.98
	<hr/>	<hr/>

**VALUE PARTNERS HK EQUITY 50 FOCUS FUND**

	<b>% of net assets</b>	
	<b>2020</b>	<b>2019</b>
<b>Financial assets at fair value through profit or loss</b>		
<b>Listed equity securities</b>		
Hong Kong		
- H shares	21.33	36.46
- Red chips	10.79	12.26
- Others	59.32	47.61
Singapore	-	1.50
United States of America	5.98	-
	<hr/>	<hr/>
<b>Total investment, net</b>	97.42	97.83
	<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 2020*

**VALUE PARTNERS CHINA HK BOND AND GOLD FUND**

	<b>% of net assets</b>	
	<b>2020</b>	<b>2019</b>
<b>Financial assets at fair value through profit or loss</b>		
<b>Listed investment funds</b>		
Hong Kong	9.81	6.24
	-----	-----
<b>Debt securities</b>		
Hong Kong Dollar	29.98	80.86
United States Dollar	50.14	8.26
	-----	-----
	80.12	89.12
	-----	-----
<b>Total investment, net</b>	89.93	95.36
	=====	=====

**VALUE PARTNERS CHOICE INVESTMENT FUNDS**

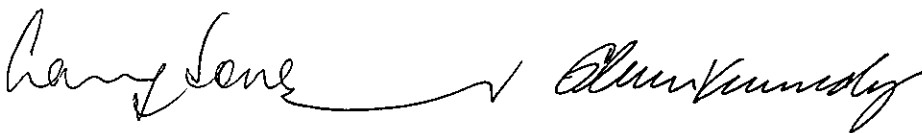
- VALUE PARTNERS ASSET ALLOCATION FUND
- VALUE PARTNERS HK EQUITY 50 FOCUS FUND
- VALUE PARTNERS CHINA HK BOND AND GOLD FUND

**TRUSTEE'S REPORT**

In relation to the year ended 30 June 2020, 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 Code on Unit Trusts and Mutual Funds, 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 Investment Manager and delegates of the Investment 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 Funds.



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

Trustee  
23 October 2020

**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*

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 24 to 56, which comprise:

- the statement of financial position as at 30 June 2020;
- the statement of comprehensive income for the year ended 30 June 2020;
- the statement of changes in net assets attributable to unitholders for the year ended 30 June 2020;
- the statement of cash flows for the year ended 30 June 2020; 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 2020, and each of their financial transactions and their cash flows for the year ended 30 June 2020 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") 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"), Guidelines II.5 issued by the Mandatory Provident Fund Schemes Authority (the "MPF Guideline") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

**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 HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, the MPF Guideline and Appendix E of the SFC Code**

(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, the MPF Guideline and Appendix E of the SFC Code; 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, 23 October 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


**STATEMENT OF FINANCIAL POSITION**  
AS AT 30 JUNE 2020

	Note	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
		2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
<b>Assets</b>							
Financial assets at fair value through profit or loss	4(d)	599,436,152	706,837,627	355,666,648	257,558,190	210,750,580	423,000,685
Amounts receivable on sale of investments		-	24,810	-	-	-	-
Amounts receivable on subscription of units		55,696	1,150,934	55,696	-	-	1,150,934
Dividends and interest receivables	6(e)	87	15	2,590,507	2,547,088	46,914	1,217
Prepayments and other receivables	6(e)	8,154	373,356	3,058	38,952	18,150	40,982
Cash and cash equivalents	7	50,237,510	771	6,941,954	3,296,323	23,704,482	19,558,058
<b>Total assets</b>		<u>649,737,599</u>	<u>708,387,513</u>	<u>365,257,863</u>	<u>263,440,553</u>	<u>234,520,126</u>	<u>443,751,876</u>
<b>Liabilities</b>							
Amounts payable on purchase of investments	6(e)	55,696	1,150,934	-	-	-	-
Amounts payable on redemption of units		905,734	24,810	-	24,810	-	-
Accruals and other payables	6(e)	240,186	236,078	167,616	146,696	174,221	183,296
<b>Total liabilities</b>		<u>1,201,616</u>	<u>1,411,822</u>	<u>167,616</u>	<u>171,506</u>	<u>174,221</u>	<u>183,296</u>
Net assets attributable to unitholders	5	<u>648,535,983</u>	<u>706,975,691</u>	<u>365,090,247</u>	<u>263,269,047</u>	<u>234,345,905</u>	<u>443,568,580</u>

Signed by:

Value Partners Hong Kong Limited, Manager

HSBC Institutional Trust Services (Asia) Limited, Trustee




The notes on pages 29 to 56 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 2020**

	Note	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
		2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
<b>Income</b>							
Dividends	6(e)	-	-	9,709,416	10,114,211	-	-
Interest on bank deposits	6(e)	172,590	94	39,760	5,216	52,781	31,658
Net realised gains/(losses) on investments		2,120,341	(3,276,623)	(29,915,470)	(10,237,919)	(2,255,694)	(3,643,487)
Change in unrealised gains/losses on investments		(20,280,348)	11,868,515	(7,050,356)	(2,644,396)	14,132,780	17,470,222
Other income	6(e)	7,675	329,509	-	-	39,935	36,201
Net foreign exchange gains/(losses)		309	115	(15,356)	(4,822)	(151,151)	(9,824)
<b>Total net (loss)/income</b>		<b>(17,979,433)</b>	<b>8,921,610</b>	<b>(27,232,006)</b>	<b>(2,767,710)</b>	<b>11,818,651</b>	<b>13,884,770</b>
<b>Expenses</b>							
Trustee fee	6(b)	-	-	435,453	310,810	369,265	464,808
Transaction costs	6(e)	-	-	1,071,629	625,832	22,959	14,341
Safe custody and bank charges		350	500	8,928	21,144	15,833	21,917
Legal and professional fees		66,397	109,177	54,790	133,501	24,133	101,520
Auditor's remuneration		189,613	189,760	94,804	90,914	94,804	99,353
Preliminary expenses		56,720	56,214	56,753	56,192	56,753	56,192
Other operating expenses		14,713	12,889	29,155	30,657	4,780	4,684
<b>(Loss)/profit before tax</b>		<b>327,793</b>	<b>368,540</b>	<b>1,751,512</b>	<b>1,269,050</b>	<b>588,527</b>	<b>762,815</b>
Withholding tax on dividends		(18,307,226)	8,553,070	(28,983,518)	(4,036,760)	11,230,124	13,121,955
<b>(Decrease)/increase in net assets attributable to unitholders from operations</b>	8(b)	<b>-</b>	<b>-</b>	<b>(408,524)</b>	<b>(491,512)</b>	<b>-</b>	<b>-</b>
		<b>(18,307,226)</b>	<b>8,553,070</b>	<b>(29,392,042)</b>	<b>(4,528,272)</b>	<b>11,230,124</b>	<b>13,121,955</b>

The notes on pages 29 to 56 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 2020**

	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
Net assets attributable to unitholders as at beginning of the year	706,975,691	584,655,064	263,269,047	147,095,022	443,568,580	437,284,726
Issuance of units	75,547,835	177,907,894	196,266,062	297,465,348	27,039,332	181,664,578
Redemption of units	(115,680,317)	(64,140,337)	(65,052,820)	(176,763,051)	(247,492,131)	(188,502,679)
Net (decrease)/increase from unit transactions	(40,132,482)	113,767,557	131,213,242	120,702,297	(220,452,799)	(6,838,101)
(Decrease)/increase in net assets attributable to unitholders from operations	(18,307,226)	8,553,070	(29,392,042)	(4,528,272)	11,230,124	13,121,955
Net assets attributable to unitholders as at end of the year	648,535,983	706,975,691	365,090,247	263,269,047	234,345,905	443,568,580

The notes on pages 29 to 56 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 2020**

	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
<b>Cash flows from operating activities</b>						
(Decrease)/increase in net assets attributable to unitholders from operations	(18,307,226)	8,553,070	(29,392,042)	(4,528,272)	11,230,124	13,121,955
Adjustments for:						
Dividends	-	-	(9,709,416)	(10,114,211)	-	-
interest on bank deposits	(172,590)	(94)	(39,760)	(5,216)	(52,781)	(31,658)
Withholding tax on dividends	-	-	408,524	491,512	-	-
	(18,479,816)	8,552,976	(38,732,694)	(14,156,187)	11,177,343	13,090,297
 Decrease/(increase) in financial assets at fair value through profit or loss						
Decrease/(increase) in amounts receivable on sale of investments	107,401,475	(122,457,879)	(98,108,458)	(117,354,002)	212,250,105	5,865,845
Decrease/(increase) in prepayments and other receivables	24,810	(24,810)	-	-	-	-
Decrease in amounts payable on purchase of investments	365,202	96,281	35,894	76,006	(5,434)	66,144
Increase/(decrease) in accruals and other payables	(1,095,238)	(1,634,039)	-	(1,544,249)	-	-
	4,108	41,648	20,920	29,110	(9,075)	36,663
Cash generated from/(used in) operations	88,220,541	(115,425,823)	(136,784,338)	(132,949,322)	223,412,939	19,058,949
Dividends received	-	-	9,665,766	8,462,778	-	-
Deposit interest received	172,518	79	39,991	5,105	35,349	38,898
Tax paid	-	-	(408,524)	(491,512)	-	-
<b>Net inflow/(outflow) from operating activities</b>	88,393,059	(115,425,744)	(127,487,105)	(124,972,951)	223,448,288	19,097,847

The notes on pages 29 to 56 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 2020**

	Value Partners Asset Allocation Fund		Value Partners HK Equity 50 Focus Fund		Value Partners China HK Bond and Gold Fund	
	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$	2020 HK\$	2019 HK\$
<b>Cash flows from financing activities</b>						
Proceeds from issue of units	76,643,073	179,541,933	196,210,366	300,250,321	28,190,267	180,513,644
Payments on redemption of units	(114,799,393)	(64,174,396)	(65,077,630)	(176,738,241)	(247,492,131)	(188,502,679)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(38,156,320)</b>	<b>115,367,537</b>	<b>131,132,736</b>	<b>123,512,080</b>	<b>(219,301,864)</b>	<b>(7,989,035)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>50,236,739</b>	<b>(58,207)</b>	<b>3,645,631</b>	<b>(1,460,871)</b>	<b>4,146,424</b>	<b>11,108,812</b>
<b>Cash and cash equivalents as at the beginning of the reporting year</b>	<b>771</b>	<b>58,978</b>	<b>3,296,323</b>	<b>4,757,194</b>	<b>19,558,058</b>	<b>8,449,246</b>
<b>Cash and cash equivalents as at 30 June, representing bank balances</b>	<b>50,237,510</b>	<b>771</b>	<b>6,941,954</b>	<b>3,296,323</b>	<b>23,704,482</b>	<b>19,558,058</b>

The notes on pages 29 to 56 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.

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

The Sub-Funds are approved by the Mandatory Provident Fund Schemes Authority 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 (“HKFRS”). 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 HKFRS 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 2019*

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 July 2019 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 2020, 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 management 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 Sub-Funds' business model's objective.

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.

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

#### **(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 gain on investments or unrealised gain on investments.

Interest income on debt securities is recognised in the statement of comprehensive income within "net realised gains/(losses) on investment" 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 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**

The Sub-Funds' activities expose them to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit and counterparty risk and liquidity risk.

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

**(a) Market risk****(i) Foreign exchange risk**

The Sub-Funds may hold assets denominated in currencies other than the Hong Kong dollar, the functional currency, it may therefore be exposed to foreign exchange risk. The Sub-Funds' overall currency positions are monitored on a daily basis by the Manager.

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.

**Value Partners Asset Allocation Fund**

	<b>Total net foreign currency exposures</b>		<b>Percentage change %</b>	<b>Estimated impact on net assets HK\$</b>
	<b>Non- monetary net assets</b>	<b>Monetary liabilities</b>		
	<i>HK\$ equivalent</i>	<i>HK\$ equivalent</i>		
<b>As at 30 June 2020</b>				
United States dollar*	-	(19,720)	+/-0	-
	<hr/>	<hr/>		
	-	(19,720)		
	<hr/>	<hr/>		

	<b>Total net foreign currency exposures</b>		<b>Percentage change %</b>	<b>Estimated impact on net assets HK\$</b>
	<b>Non- monetary net assets</b>	<b>Monetary liabilities</b>		
	<i>HK\$ equivalent</i>	<i>HK\$ equivalent</i>		
<b>As at 30 June 2019</b>				
United States dollar*	-	(37,235)	+/-0	-
	<hr/>	<hr/>		
	-	(37,235)		
	<hr/>	<hr/>		

- \* 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)**

**(i) Foreign exchange risk (Continued)**

**Value Partners HK Equity 50 Focus Fund**

	<b>Total net foreign currency exposures</b>			
	<b>Non- monetary net assets HK\$ equivalent</b>	<b>Monetary net assets/ (liabilities) HK\$ equivalent</b>	<b>Percentage change %</b>	<b>Estimated impact on net assets HK\$</b>
<b>As at 30 June 2020</b>				
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>		
<b>As at 30 June 2019</b>				
Renminbi	-	959,803	+/-5	+/-47,990
United States dollar*	3,953,907	468,554	+/-0	-
	<u>3,953,907</u>	<u>1,428,357</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**

	<b>Total net foreign currency exposures</b>			
	<b>Non- monetary net assets HK\$ equivalent</b>	<b>Monetary net assets HK\$ equivalent</b>	<b>Percentage change %</b>	<b>Estimated impact on net assets HK\$</b>
<b>As at 30 June 2020</b>				
United States dollar*	-	117,465,683	+/-0	-
	<u>-</u>	<u>117,465,683</u>		
<b>As at 30 June 2019</b>				
United States dollar*	-	36,625,298	+/-0	-
	<u>-</u>	<u>36,625,298</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 2020 and 2019, 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 2020, Value Partners HK Equity 50 Focus Fund had one security that is greater than 10% of net assets as below. As at 30 June 2019, Value Partners HK Equity 50 Focus Fund had no exposure to single security that is greater than 10% of net assets.

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

**Value Partners China HK Bond and Gold Fund**

As at 30 June 2020, Value Partners China HK Bond and Gold Fund had no exposure to single security that is greater than 10% of net assets. As at 30 June 2019, Value Partners China HK Bond and Gold Fund had one security that is greater than 10% of net assets as below.

	Fair value HK\$	% of net assets
<b>As at 30 June 2019</b>		
Hong Kong Government Bond Programme 2.46% 8/4/2021	50,431,319	11.37

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

**Value Partners Asset Allocation Fund**

	<b>% of net assets</b>	
	<b>2020</b>	<b>2019</b>
<b>Financial assets at fair value through profit or loss</b>		
<b>Approved pooled investment funds</b>		
Hong Kong	92.43	99.98
	<u>92.43</u>	<u>99.98</u>

**Value Partners HK Equity 50 Focus Fund**

	<b>% of net assets</b>	
	<b>2020</b>	<b>2019</b>
<b>Financial assets at fair value through profit or loss</b>		
<b>Listed equity securities</b>		
Hong Kong		
- H shares	21.33	36.46
- Red chips	10.79	12.26
- Others	59.32	47.61
Singapore	-	1.50
United States of America	5.98	-
	<u>97.42</u>	<u>97.83</u>

**Value Partners China HK Bond and Gold Fund**

	<b>% of net assets</b>	
	<b>2020</b>	<b>2019</b>
<b>Financial assets at fair value through profit or loss</b>		
<b>Quoted debt securities</b>		
Cayman Islands	3.36	1.06
China	33.18	5.63
Hong Kong	37.70	82.43
Philippines	0.84	-
Singapore	3.34	-
Thailand	1.70	-
	<u>80.12</u>	<u>89.12</u>
<b>Listed investment funds</b>		
Hong Kong	9.81	6.24
	<u>89.93</u>	<u>95.36</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**

	<b>2020</b>	<b>2019</b>
	%	%
Financials	31.25	54.94
Telecommunication Services	16.86	10.58
Real Estate	13.00	4.37
Consumer Discretionary	10.49	4.71
Utilities	7.77	4.20
Information Technology	7.33	0.46
Industrials	5.81	9.61
Health Care	4.70	3.28
REIT	1.78	2.94
Consumer Staples	1.01	0.75
Energy	-	4.16
	<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**

	<b>Percentage change</b>		<b>Estimated impact on net assets</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	%	%	HK\$	HK\$
FTSE MPF Hong Kong Index	+/-30	+/-30	+/-106,568,797	+/-76,674,066

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.

	<b>Interest bearing</b>			<b>Non-interest bearing HK\$</b>	<b>Total HK\$</b>
	<b><i>Less than 1 year HK\$</i></b>	<b><i>1 to 5 years HK\$</i></b>	<b><i>Over 5 years HK\$</i></b>		
<b>As at 30 June 2020</b>					
<b>Assets</b>					
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>
<b>Interest sensitivity gap</b>	<u>55,350,153</u>	<u>103,799,667</u>	<u>52,305,502</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 HK\$	Total HK\$
	Less than 1 year HK\$	1 to 5 years HK\$	Over 5 years HK\$		
As at 30 June 2019					
Assets					
Financial assets at fair value through profit or loss	177,438,877	210,871,107	7,027,751	27,662,950	423,000,685
Cash and cash equivalents	19,558,058	-	-	-	19,558,058
	<u>196,996,935</u>	<u>210,871,107</u>	<u>7,027,751</u>	<u>27,662,950</u>	<u>442,558,743</u>
Interest sensitivity gap	<u>196,996,935</u>	<u>210,871,107</u>	<u>7,027,751</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.

	<b>Percentage change</b>		<b>Estimated impact on net assets</b>	
	<b>2020 %</b>	<b>2019 %</b>	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Interest rate	+/-0.5	+/-0.5	-473,024/+486,028	-476,502/+482,644

*Cash flow interest rate risk*

As at 30 June 2020 and 2019, 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\$118,522 lower/higher (2019: HK\$97,790 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 broker-dealers, banks and regulated exchanges that the Manager considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. In a purchase, payment is made when the securities have been received by the broker. If either party fails to meet its obligation, the trade will fail.

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

	<b>Value Partners Asset Allocation Fund HK\$</b>	<b>Value Partners HK Equity 50 Focus Fund HK\$</b>	<b>Value Partners China HK Bond and Gold Fund HK\$</b>
<b>As at 30 June 2020</b>			
<b>Counterparty</b>			
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	-
<b>As at 30 June 2019</b>			
<b>Counterparty</b>			
Bank balances			
Aa2	771	3,296,323	19,558,058
Investments placed with custodian			
Aa2	706,837,627	257,558,190	423,000,685
Amounts receivable on subscription of units			
Unrated*	1,150,934	-	1,150,934

- \* 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. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2020 and 30 June 2019, 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. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the 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 2020.

**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.

<b>Credit rating (Moody's/S&amp;P/Fitch)</b>	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Aaa/AAA	12,504,446	-
Aa1/AA+	5,204,182	-
Aa2	-	75,130,638
A1/A+	42,571,832	29,334,199
A2/A	6,123,535	28,288,348
A3/A-	37,350,623	3,612,459
Baa1/BBB+	39,363,462	9,898,530
Baa2/BBB	24,804,066	4,379,366
Unrated*	19,828,694	244,694,195
	<b>187,750,840</b>	<b>395,337,735</b>

- \* 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.

	<b>2020</b>	<b>2019</b>
<b>Credit rating (Moody's/S&amp;P/Fitch)</b>	<b>HK\$</b>	<b>HK\$</b>
Aa1/AA+	-	13,045,534
Aa2/AA	-	195,045,678
A1/A+	5,090,822	12,720,330
A2/A	5,550,580	20,204,749
A3/A-	2,127,016	2,092,548
Baa1/BBB+	5,488,427	-
Baa2/BBB	1,571,849	1,585,356
	<u>19,828,694</u>	<u>244,694,195</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.

	<b>Value Partners Asset Allocation Fund Less than 3 months HK\$</b>	<b>Value Partners HK Equity 50 Focus Fund Less than 3 months HK\$</b>	<b>Value Partners China HK Bond and Gold Fund Less than 3 months HK\$</b>
<b>As at 30 June 2020</b>			
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>

**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)**

	<b>Value Partners Asset Allocation Fund Less than 3 months HK\$</b>	<b>Value Partners HK Equity 50 Focus Fund Less than 3 months HK\$</b>	<b>Value Partners China HK Bond and Gold Fund Less than 3 months HK\$</b>
<b>As at 30 June 2019</b>			
Amounts payable on purchase of investments	1,150,934	-	-
Amounts payable on redemption of units	24,810	24,810	-
Accruals and other payables	236,078	146,696	183,296
	<u>1,411,822</u>	<u>171,506</u>	<u>183,296</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 2020 and 2019, 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:

<b>As at 30 June 2020</b>	<b>% of net assets</b>
<b>Value Partners Asset Allocation Fund</b>	
Investor 1	100.00
<b>Value Partners HK Equity 50 Focus Fund</b>	
Investor 1	100.00
<b>Value Partners China HK Bond and Gold Fund</b>	
Investor 1	100.00
<b>As at 30 June 2019</b>	<b>% of net assets</b>
<b>Value Partners Asset Allocation Fund</b>	
Investor 1	93.78
<b>Value Partners HK Equity 50 Focus Fund</b>	
Investor 1	100.00
<b>Value Partners China HK Bond and Gold Fund</b>	
Investor 1	100.00

**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**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>As at 30 June 2020</b>				
<b>Assets</b>				
Approved pooled investment fund	-	599,436,152	-	599,436,152
	-	599,436,152	-	599,436,152
<b>As at 30 June 2019</b>				
<b>Assets</b>				
Approved pooled investment fund	-	706,837,627	-	706,837,627
	-	706,837,627	-	706,837,627

**Value Partners HK Equity 50 Focus Fund**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>As at 30 June 2020</b>				
<b>Assets</b>				
Listed equity securities	355,666,648	-	-	355,666,648
	355,666,648	-	-	355,666,648
<b>As at 30 June 2019</b>				
<b>Assets</b>				
Listed equity securities	257,558,190	-	-	257,558,190
	257,558,190	-	-	257,558,190

**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**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>As at 30 June 2020</b>				
<b>Assets</b>				
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>
<b>As at 30 June 2019</b>				
<b>Assets</b>				
Listed investment funds	27,662,950	-	-	27,662,950
Quoted debt securities	-	389,270,359	6,067,376	395,337,735
	<u>27,662,950</u>	<u>389,270,359</u>	<u>6,067,376</u>	<u>423,000,685</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 2020 and 2019, Value Partners China HK Bond and Gold Fund invested in level 3 debt securities amounting to HK\$Nil (2019: HK\$6,067,376). These level 3 debt securities consist of single quoted debt securities. The Manager considers that changes in the inputs to the valuation models would not have a significant effect on the net asset value of the Sub-Fund. No quantitative analysis has been presented.

The table below summarises the key unobservable inputs adopted by the Manager in determining the fair value of level 3 investments held by Value Partners China HK Bond and Gold Fund.

	<b>Fair value</b>	<b>Valuation technique</b>	<b>Unobservable inputs</b>
	<i>HK\$</i>		
<b>As at 30 June 2019</b>			
Single quoted debt securities	6,067,376	Quoted price	-



**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)**

There are no any transfers between levels for the year ended 30 June 2020. The following table presents the transfers between levels for the year ended 30 June 2019.

	<b>Level 1</b> <i>HK\$</i>	<b>Level 2</b> <i>HK\$</i>	<b>Level 3</b> <i>HK\$</i>
<b>As at 30 June 2019</b>			
Transfer from level 3 to 2	-	16,257,691	(16,257,691)
Transfer from level 2 to 3	-	(5,077,230)	5,077,230

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

	<b>Year ended</b> <b>30 June 2020</b> <i>HK\$</i>	<b>Year ended</b> <b>30 June 2019</b> <i>HK\$</i>
<b>Opening balance</b>	6,067,376	38,251,259
Purchase	-	-
Sales	(6,000,000)	(20,000,000)
Transfer from level 2 to level 3	-	5,077,230
Transfer from level 3 to level 2	-	(16,257,691)
Losses recognised in profit and loss	(67,376)	(1,003,422)
<b>Closing balance</b>	<u>-</u>	<u>6,067,376</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>(36,808)</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.

**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)**

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.

For the year ended 30 June 2020 and 2019, 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 2020 and 2019 was as follows:

	<b>Value Partners Asset Allocation Fund Class B</b>	<b>Value Partners HK Equity 50 Focus Fund Class B</b>	<b>Value Partners China HK Bond and Gold Fund Class B</b>
<b>As at 1 July 2019</b>	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)
<b>As at 30 June 2020</b>	<u>58,964,033</u>	<u>35,405,011</u>	<u>21,871,473</u>
<b>As at 1 July 2018</b>	52,519,968	12,914,933	44,111,337
Subscription of units	15,939,826	26,751,150	17,904,133
Redemption of units	(5,775,242)	(16,296,033)	(18,716,991)
<b>As at 30 June 2019</b>	<u>62,684,552</u>	<u>23,370,050</u>	<u>43,298,479</u>
	<b>Value Partners Asset Allocation Fund</b>	<b>Value Partners HK Equity 50 Focus Fund</b>	<b>Value Partners China HK Bond and Gold Fund</b>
<b>Net asset value per unit as at 30 June 2020</b>			
Class B	HK\$10.9988	HK\$10.3118	HK\$10.7147
<b>Net asset value per unit as at 30 June 2019</b>			
Class B	HK\$11.2783	HK\$11.2652	HK\$10.2444

**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 CONNECTED PERSONS**

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Funds and the Trustee, Manager and their connected persons. Connected persons of the Trustee and Manager are those as defined in the Code. 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:

	<b>Class A</b>	<b>Class B</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:

	<b>Class A</b>	<b>Class B</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:

	<b>HK\$</b>
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 2020 and 2019, Sub-Funds incurred Trustee fee as below:

	<b>2020 HK\$</b>	<b>2019 HK\$</b>
Value Partners Asset Allocation Fund	Nil	Nil
Value Partners HK Equity 50 Focus Fund	435,453	310,810
Value Partners China HK Bond and Gold Fund	369,265	464,808

**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 CONNECTED PERSONS (Continued)****(b) Trustee fee (Continued)**

As at 30 June 2020 and 2019, outstanding Trustee fee payable of Sub-Funds as follow:

	<b>2020</b> <i>HK\$</i>	<b>2019</b> <i>HK\$</i>
Value Partners Asset Allocation Fund	Nil	Nil
Value Partners HK Equity 50 Focus Fund	36,789	24,489
Value Partners China HK Bond and Gold Fund	23,885	41,778

**(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**

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

	<b>As at</b> <b>1 July 2018</b>	<b>Issue</b> <b>of units</b>	<b>Redemption</b> <b>of units</b>	<b>As at</b> <b>30 June 2019</b>
<b>Year ended 30 June 2019</b>				
<b>Class B</b>				
Value Partners High-Dividend Stocks Fund*	3,900,000	-	-	3,900,000
Value Partners Greater China High Yield Income 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 2020 and 2019.

**(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 2020 and 2019, 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 CONNECTED PERSONS (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\$4,465 (2019: HK\$329,509) during the year ended 30 June 2020. 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.

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

	<b>Value Partners Asset Allocation Fund 2019 HK\$</b>	<b>Value Partners HK Equity 50 Focus Fund 2019 HK\$</b>	<b>Value Partners China HK Bond and Gold Fund 2019 HK\$</b>
Interest on bank deposits	94	5,216	6,381
Dividends	-	1,869,825	-
Management fee Rebate	-	-	33,376
Transaction costs*	-	62,502	1,880
	<u>          </u>	<u>          </u>	<u>          </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)****6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)****(e) Other transactions and balances with the Trustee, the Manager and its related parties (Continued)**

- \* 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 2020 and 2019 are as follow:

	<b>Value Partners HK Equity 50 Focus Fund</b>		<b>Value Partners China HK Bond and Gold Fund</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Total commission paid of the sub-funds	385,156	100,552	14,143	11,863
Total commission paid to the related parties of the Trustee	74,348	42,149	4,953	-
The total aggregate value of the purchases and sales through the related parties of the Trustee	354,270,236	211,001,153	216,946,246	70,737,247
% of such transactions through the related parties of the Trustee to the total purchases and sales of the sub-funds	49.60%	39.83%	35.58%	14.46%
Average commission rate effected through the related parties of the Trustee	0.02%	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.

	<b>Value Partners Asset Allocation Fund</b>	<b>Value Partners HK Equity 50 Focus Fund</b>	<b>Value Partners China HK Bond and Gold Fund</b>
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>As at 30 June 2020</b>			
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

**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 CONNECTED PERSONS (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\$
<b>As at 30 June 2019</b>			
Dividend receivable	-	486,604	-
Bank balance	771	3,296,323	19,558,058
Management fee rebate receivable	-	-	2,031
Transaction costs payable	-	-	125
Interest receivable on bank deposits	15	235	1217

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\$Nil (2019: HK\$5,348,750) in Hang Seng Bank Ltd, which is a fellow subsidiary of the Trustee and HK\$10,136,000 (HK\$23,405,760) in HSBC Holdings Plc, which is the ultimate holding company of the Trustee respectively as at 30 June 2020 and 30 June 2019.

**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\$
<b>As at 30 June 2020</b>			
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 Asset Allocation Fund HK\$	Value Partners HK Equity 50 Focus Fund HK\$	Value Partners China HK Bond and Gold Fund HK\$
<b>As at 30 June 2019</b>			
Cash held with bank	771	3,296,323	19,558,058
	<u>771</u>	<u>3,296,323</u>	<u>19,558,058</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 2020 and 2019.

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

During the year ended 30 June 2020 and 2019, the Sub-Funds did not enter into any security lending arrangements.

**12 NEGOTIABILITY OF ASSETS**

As at 30 June 2020 and 2019, 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 2020 and 2019.

**14 CONTINGENT LIABILITIES**

The Sub-Funds had no contingent liabilities as at 30 June 2020 and 2019.

**15 BANK LOANS AND OTHER BORROWINGS**

The Sub-Funds had no bank loans and other borrowings as at 30 June 2020 and 2019.

**16 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Trustee and the Manager on 23 October 2020.