

Annual Report

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND

(a sub-fund of Taikang Kaitai Funds, an open-ended  
unit trust established as an umbrella fund under the  
laws of Hong Kong)

31 December 2023

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

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TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

ADMINISTRATION AND MANAGEMENT

**MANAGER**

Taikang Asset Management (Hong Kong) Company Limited  
39/F Bank of China Tower  
1 Garden Road, Central  
Hong Kong

**TRUSTEE AND REGISTRAR**

BOCI-Prudential Trustee Limited  
Suites 1501-1507&1513-1516, 15/F  
1111 King's Road,  
Taikoo Shing  
Hong Kong

**DIRECTORS OF THE MANAGER**

Chen Dong Sheng  
Chen Yi Lun  
Duan Guo Sheng  
Feng Tie Liang  
Xing Yi (Resigned on 1 January 2023)  
Zhang Jing Guo  
Zhang Le

**AUDITOR**

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

**SOLICITORS TO THE MANAGER**

King & Wood Mallesons  
13/F Gloucester Tower, The Landmark,  
15 Queen's Road  
Central  
Hong Kong

**CUSTODIAN**

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

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Major global economies continued to recover in 2023, whilst inflation pressure remained. The U.S. economy performed well above expectations over the last year. Credit headlines such as the collapse of some of the regional banks in the U.S. once sparked worries of contagion risks, leading to speculations that the Fed would face a policy pivot earlier than expected. As a result, the US Treasury yields decreased drastically in March 2023. With the updated data that continued to demonstrate resilience of the economy and the U.S. government debt ceiling problem resolved, the US Treasury yields quickly picked up again.

During 2023, the Fed raised policy rates and maintained a target range of 5.25% to 5.50%. HIBOR increased to 16-year high in November, due to Hong Kong dollar's peg to the US dollar. Central banks in some other major developed markets moved in tandem, in a bid to fight the inflation pressure. The 10-year US Treasury yield increased amid volatility, supported by the "higher for longer" narrative. Towards the end of the year, the US Treasury yields slumped, on the back of a dovish Fed and an easing inflation trend. In 2023, 2-year, 5-year and 10-year US Treasury yields changed by -17.6bps, -15.7bps and +0.4bps respectively. With a tight labour market that had continued to exceed expectations and inflation data that showed signs of stickiness, the path remains bumpy for inflation to move towards the Fed's 2% target.

Outlook

The U.S. economy remains robust and the inflation is sticky in the near term. In the longer run, however, with certain service related parts of inflation trending down, price pressure should be able to ease further. The market has priced in rate cuts in 2024, with uncertainties in the exact timing and the subsequent pace. The Fed is in no rush to cut rates. It needs more time and confidence to ensure inflation is heading towards to the 2% goal. With economic activities still robust, there might be no need to cut rates at large pace. HIBOR should remain at high levels for some time, constrained by the Fed policy. The Money Market Fund is expected to benefit from the high rate environment. Amid continued market volatility, the Money Market Fund should be favoured by investors for more stable performance.

Taikang Asset Management (Hong Kong) Company Limited  
29 April 2024

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, Taikang Asset Management (Hong Kong) Company Limited, has, in all material respects, managed Taikang Kaitai Funds – TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND for the year ended 31 December 2023 in accordance with the provisions of the Trust Deed dated 16 April 2014, as amended or supplemented from time to time.

On behalf of  
BOCI-Prudential Trustee Limited, the Trustee

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29 April 2024

## **INDEPENDENT AUDITOR'S REPORT**

To the unitholders of  
TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Taikang Kaitai Hong Kong Dollar Money Market Fund (a sub-fund of Taikang Kaitai Funds (the "Trust") and referred to as the ("Sub-Fund") set out on pages 7 to 36 which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sub-Fund in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other information included in the Annual Report**

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

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

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

## **INDEPENDENT AUDITOR'S REPORT (continued)**

### **Responsibilities of the Manager and Trustee for the financial statements**

The Manager and the Trustee of the Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Manager and the Trustee determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee of the Sub-Fund are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intend to liquidate the Sub-Fund or to cease operations or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 16 April 2014, as amended or supplemented from time to time (the "Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## **INDEPENDENT AUDITOR'S REPORT** (continued)

### **Auditor's responsibilities for the audit of the financial statements** (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on matters under the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code**

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

Certified Public Accountants  
Hong Kong  
29 April 2024

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

|  | Notes | 2023<br>HKD               | For the period<br>from<br>27 September<br>2021 (date of<br>initial issue of<br>units) to 31<br>December 2022<br>HKD |
|--|-------|---------------------------|---|
| <b>INCOME</b>  |       |                           |   |
| Interest income on time deposits   |       | 400,837,167               | 111,958,813   |
| Net gains/(losses) on financial assets at<br>fair value through profit or loss       | 7     | 1,112,097                 | (394,985)   |
| Net foreign exchange differences   | 5     | (487,576)                 | 840,947   |
|  |       | <u>401,461,688</u>        | <u>112,404,775</u>  |
| <b>EXPENSES</b>  |       |                           |   |
| Management fee   | 4     | (47,019,956)              | (16,363,196)  |
| Trustee fee  | 4     | (4,964,241)               | (2,867,076)   |
| Legal and professional fee   |       | (140,479)                 | (214,437)   |
| Audit fee  |       | (219,538)                 | (149,010)   |
| Transaction costs  | 11    | (24,720)                  | (26,160)  |
| Preliminary expense  | 9     | -                         | (439,930)   |
| Bank charges   | 11    | (53,426)                  | (73,842)  |
| Other operating expenses   |       | (26,499)                  | (34,031)  |
|  |       | <u>(52,448,859)</u>       | <u>(20,167,682)</u>   |
| <b>OPERATING PROFIT</b>  |       | <b>349,012,829</b>        | <b>92,237,093</b>   |
| <b>FINANCE COSTS</b>   |       |                           |   |
| Distribution to unitholders  | 5     | (2)                       | -   |
| <b>PROFIT BEFORE TAX</b>   |       | <b>349,012,827</b>        | <b>92,237,093</b>   |
| Withholding tax  | 6     | -                         | (565,525)   |
| <b>INCREASE IN NET ASSETS ATTRIBUTABLE TO<br/>UNITHOLDERS DURING THE YEAR/PERIOD</b> |       | <b><u>349,012,827</u></b> | <b><u>91,671,568</u></b>  |

The accompanying notes are an integral part of these financial statements.

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

|   | Notes | 2023<br>HKD          | 2022<br>HKD          |
|---|-------|----------------------|----------------------|
| <b>ASSETS</b>   |       |                      |                      |
| Financial assets at fair value through profit or loss                           | 7     | 375,087,911          | -                    |
| Prepayment and other receivables  |       | 76,782               | 76,748               |
| Time deposits   |       |                      |                      |
| - With original maturity more than three months                                 |       | 4,870,414,007        | 4,688,733,846        |
| Interest receivable on deposits   |       | 35,414,287           | 36,096,257           |
| Cash and cash equivalents   | 8     | 1,960,733,565        | 2,265,318,598        |
| <b>TOTAL ASSETS</b>   |       | <u>7,241,726,552</u> | <u>6,990,225,449</u> |
| <b>LIABILITIES</b>  |       |                      |                      |
| Management fee payable  | 4     | 3,468,859            | 3,270,846            |
| Trustee fee payable   | 4     | 352,256              | 328,082              |
| Accrued expenses and other payables   |       | 279,493              | 235,841              |
| <b>TOTAL LIABILITIES (EXCLUDING NET ASSETS<br/>ATTRIBUTABLE TO UNITHOLDERS)</b> |       | <u>4,100,608</u>     | <u>3,834,769</u>     |
| <b>NET ASSETS ATTRIBUTABLE TO<br/>UNITHOLDERS</b>                               | 9     | <u>7,237,625,944</u> | <u>6,986,390,680</u> |
| <b>TOTAL LIABILITIES</b>  |       | <u>7,241,726,552</u> | <u>6,990,225,449</u> |

.....  
Manager

.....  
Trustee

The accompanying notes are an integral part of these financial statements.

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2023

|  | Note | Number of units               | HKD                         |
|--|------|-------------------------------|-----------------------------|
| As at 1 January 2023   | 9    | 686,099,809.281               | 6,986,390,680               |
| Subscription of units  |      |                               |                             |
| - Class M-HKD-ACC  |      | 688,063,155.067               | 7,166,656,479               |
| - Class A-HKD-ACC  |      | 224,316,258.274               | 2,321,585,595               |
| - Class B-HKD-ACC  |      | 2,539,969,175.934             | 26,278,311,172              |
| - Class I-HKD-ACC  |      | 441,275,013.740               | 4,623,882,049               |
| - Class C-HKD-ACC  |      | 1.000                         | 100                         |
| - Class C-HKD-DIST   |      | 1.012                         | 101                         |
|  |      | <u>3,893,623,605.027</u>      | <u>40,390,435,496</u>       |
| Redemption of units  |      |                               |                             |
| - Class M-HKD-ACC  |      | (666,844,890.160)             | (6,964,158,584)             |
| - Class A-HKD-ACC  |      | (213,469,878.896)             | (2,217,674,396)             |
| - Class B-HKD-ACC  |      | (2,626,509,871.149)           | (27,211,350,175)            |
| - Class I-HKD-ACC  |      | (390,656,356.959)             | (4,095,029,904)             |
| - Class C-HKD-ACC  |      | -                             | -                           |
| - Class C-HKD-DIST   |      | -                             | -                           |
|  |      | <u>(3,897,480,997.164)</u>    | <u>(40,488,213,059)</u>     |
| Increase in net assets attributable to unitholders during the year |      | -                             | 349,012,827                 |
| As at 31 December 2023   | 9    | <u><u>682,242,417.144</u></u> | <u><u>7,237,625,944</u></u> |

The accompanying notes are an integral part of these financial statements.

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

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

For the year ended 31 December 2023

|   | Note | Number of units            | HKD                     |
|---|------|----------------------------|-------------------------|
| As at 27 September 2021<br>(date of initial issue of units)             |      | -                          | -                       |
| Subscription of units   |      |                            |                         |
| - Class M-HKD-ACC   |      | 276,467,236.502            | 2,794,341,984           |
| - Class A-HKD-ACC   |      | 61,496,312.479             | 622,584,418             |
| - Class A-HKD-DIST  |      | 10.000                     | 100                     |
| - Class B-HKD-ACC   |      | 2,881,344,855.163          | 28,995,550,992          |
| - Class I-HKD-ACC   |      | 91,808,221.408             | 923,999,386             |
|   |      | <u>3,311,116,635.552</u>   | <u>33,336,476,880</u>   |
| Redemption of units   |      |                            |                         |
| - Class M-HKD-ACC   |      | (272,123,364.147)          | (2,754,195,762)         |
| - Class A-HKD-ACC   |      | (29,310,214.496)           | (296,597,390)           |
| - Class A-HKD-DIST  |      | (10.000)                   | (100)                   |
| - Class B-HKD-ACC   |      | (2,275,606,682.876)        | (22,905,839,584)        |
| - Class I-HKD-ACC   |      | (47,976,554.752)           | (485,124,932)           |
|   |      | <u>(2,625,016,826.271)</u> | <u>(26,441,757,768)</u> |
| Increase in net assets attributable to unitholders<br>during the period |      | -                          | 91,671,568              |
| As at 31 December 2022  | 9    | <u>686,099,809.281</u>     | <u>6,986,390,680</u>    |

The accompanying notes are an integral part of these financial statements.

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

|  | Notes | 2023<br>HKD          | For the period from<br>27 September 2021<br>(date of initial issue<br>of units) to 31<br>December 2022<br>HKD |
|--|-------|----------------------|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                    |       |                      |   |
| Profit before tax  |       | 349,012,827          | 92,237,093  |
| Adjustments for:   |       |                      |   |
| Interest income on time deposits   |       | (400,837,167)        | (111,958,813)   |
| Distribution to unitholders  | 5     | 2                    | -   |
|  |       | <u>(51,824,338)</u>  | <u>(19,721,720)</u>   |
| Purchases of financial assets  |       | (1,274,035,400)      | (156,250,000)   |
| Proceeds from sale of financial assets   |       | 900,059,586          | 155,855,015   |
| Net (gains)/losses on financial assets at fair value<br>through profit or loss |       | (1,112,097)          | 394,985   |
| Increase in prepayment and other receivables                                   |       | (34)                 | (76,748)  |
| Increase in time deposits with original maturity<br>more than three months     |       | (181,680,161)        | (4,688,733,846)   |
| Increase in management fee payable   |       | 198,013              | 3,270,846   |
| Increase in trustee fee payable  |       | 24,174               | 328,082   |
| Increase in accrued expenses and other payables                                |       | 43,652               | 235,841   |
|  |       | <u>(608,326,605)</u> | <u>(4,704,697,545)</u>  |
| Interest received  |       | 401,519,137          | 75,862,556  |
| Withholding tax paid   |       | -                    | (565,525)   |
|  |       | <u>(206,807,468)</u> | <u>(4,629,400,514)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                    |       |                      |   |
| Proceeds from issue of units   |       | 40,390,435,496       | 33,336,476,880  |
| Payments for redemption of units   |       | (40,488,213,059)     | (26,441,757,768)  |
| Payments for distribution to unitholders                                       | 5     | (2)                  | -   |
|  |       | <u>(97,777,565)</u>  | <u>6,894,719,112</u>  |
| <b>NET (DECREASE)/INCREASE IN CASH AND<br/>CASH EQUIVALENTS</b>                |       |                      |   |
|  |       | <u>(304,585,033)</u> | <u>2,265,318,598</u>  |
| Cash and cash equivalents at beginning of<br>year/period                       |       | 2,265,318,598        | -   |
|  |       | <u>2,265,318,598</u> | <u>-</u>  |
| <b>CASH AND CASH EQUIVALENTS AT THE END<br/>OF THE YEAR/PERIOD</b>             |       |                      |   |
|  | 8     | <u>1,960,733,565</u> | <u>2,265,318,598</u>  |
| <b>ANALYSIS OF BALANCE OF CASH AND CASH<br/>EQUIVALENTS</b>                    |       |                      |   |
| Cash at bank   | 8     | 369,682,879          | 1,603,646,437   |
| Time deposits with original maturity of three<br>months or less                | 8     | 1,591,050,686        | 661,672,161   |
|  |       | <u>1,960,733,565</u> | <u>2,265,318,598</u>  |

The accompanying notes are an integral part of these financial statements.

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. THE SUB-FUND

Taikang Kaitai Funds (the "Trust") was constituted as an open-ended unit trust established as an umbrella fund under the laws of Hong Kong pursuant to a trust deed dated 16 April 2014 and its supplemental deed (the "Trust Deed").

Taikang Kaitai Hong Kong Dollar Money Market Fund (the "Sub-Fund") was constituted as a separate Sub-Fund of the Trust on 7 April 2016. The Sub-Fund is an open-ended unit trust and is authorised by the Hong Kong Securities and Futures Commission (the "SFC") under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by the SFC (the "SFC Code"). Authorisation by the SFC does not imply official approval or recommendation.

The Manager of the Trust is Taikang Asset Management (Hong Kong) Company Limited (the "Manager") and the Trustee is BOCI-Prudential Trustee Limited (the "Trustee"). The custodian is Bank of China (Hong Kong) Limited (the "Custodian").

Five classes of units, namely Class A units, Class B units, Class I units, Class M and Class C, are available in the Sub-Fund. Class A units are available for sale to the retail public in Hong Kong. Class B and Class C units are available for investment by employees of the Manager and retail investors who invest through distributors submitting dealing orders via distribution channels or distributors specified by the Manager. Class I units are offered to institutional investors, private bank clients and other investors determined by the manager from time to time. Class M Units are offered to investors related to the Manager. Class A units, Class B units, Class I units, Class M units and Class C units are subject to different management fees.

The investment objective of the Sub-Fund is to achieve a return in Hong Kong Dollars in line with prevailing money market rates in Hong Kong. The Sub-Fund invests primarily HKD denominated and settled short-term deposits and high-quality money market instruments issued by governments, quasi-governments, international organisations and financial institutions.

2.1. BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

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

The Sub-Fund presents its statement of financial position in order of liquidity.

The Sub-Fund issued its initial units on 27 September 2021. Accordingly, the first financial statements have been prepared for the period from 27 September 2021 (date of initial issue of units) to 31 December 2022, which is not entirely comparable to the amounts presented in current year financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*

Amendments to IAS 8 *Definition of Accounting Estimates*

Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies*

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

Amendments to IAS 8 *Definition of Accounting Estimates*

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

2.3. ISSUED BUT NOT YET EFFECTIVE IFRS

There are no new and amended standards and interpretations that are issued, but not yet effective, as of issuance date of the Sub-Fund's financial statements that are expected to have material impact on the Sub-Fund's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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2.4. MATERIAL ACCOUNTING POLICIES

Financial instruments

*(i) Classification*

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

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

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

*Financial assets*

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

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

*Financial assets measured at amortised cost*

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Sub-Fund includes in this category short-term non-financing receivables including prepayment and other receivables, time deposits, interest receivable on deposits and cash and cash equivalents.

*Financial assets measured at fair value through profit or loss*

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

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

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2.4. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

*(i) Classification* (continued)

*Financial liabilities*

*Financial liabilities measured at fair value through profit or loss*

A financial liability is measured at fair value through profit or loss if it meets the definition of held for trading. The Sub-Fund includes in this category its redeemable shares and the Sub-Fund's accounting policy regarding the redeemable shares is described below.

*Financial liabilities measured at amortised cost*

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Sub-Fund includes in this category management fee payable, trustee fee payable and accrued expenses and other payables.

*(ii) Recognition*

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

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

*(iii) Initial measurement*

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

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

*(iv) Subsequent measurement*

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at fair value through profit or loss in profit or loss. Interest and dividends earned or paid on these instruments are recorded separately in interest income or expense and dividend income or expense in profit or loss.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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2.4. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

*(iv) Subsequent measurement* (continued)

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

*(v) Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Sub-Fund's statement of financial position) when:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.4. MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Sub-Fund holds only prepayment and other receivables with no financing component and which have maturities of less than 3 months or on demand at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (“ECL”) under IFRS 9 to all its receivables. Therefore, the Sub-Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Sub-Fund’s approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Sub-Fund uses the provision matrix as a practical expedient to measure ECLs on receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

Fair value measurement

The Sub-Fund measures its investments in financial instruments, such as equity instruments, at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Sub-Fund.

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

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs. For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.4. MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

For the purpose of fair value disclosures, the Sub-Fund has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Functional and presentation currency

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

Foreign currency translations

Transactions during the reporting period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as fair value through profit or loss are included in profit or loss as part of the "Net gain or loss on financial assets at fair value through profit or loss". Foreign exchange differences on other financial instruments are included in profit or loss as "Net foreign exchange differences".

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2.4. MATERIAL ACCOUNTING POLICIES (continued)

Amounts due to/from brokers

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial liabilities measured at amortised cost, for recognition and measurement.

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date. Refer to the accounting policy for financial assets measured at amortised cost for recognition and measurement.

Margin accounts represent cash deposits held with brokers as collateral against open futures contracts.

Net assets attributable to holders of redeemable units

The Sub-Fund issues redeemable units, namely Class M units, Class A units, Class B units, Class I units and Class C units, which are redeemable at the unitholder's option and are classified as financial liabilities.

Redeemable units are subscribed and redeemed during the Hong Kong and PRC business days of each calendar month or such other day or days determined by the Manager and the Trustee may agree from time to time for cash equal to a proportionate share of the Sub-Fund's net assets attributable to holders of redeemable units of the relevant classes. The Manager is entitled, with the approval of the Trustee, to limit the number of redeemable units of the Sub-Fund redeemed on any business day to 10% of the total number of redeemable units of the Sub-Fund in issue.

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

Distribution to unitholders

Distribution is at the discretion of the Manager. A distribution to the Sub-Fund's unitholders is included in profit or loss in the statement of profit or loss and other comprehensive income as the "*Finance costs*". A proposed distribution is recognised as a liability in the year/period in which it is approved by the Manager of the Sub-Fund.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

Transaction costs

Transaction costs are costs incurred to acquire financial assets or financial 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 recognised in profit or loss as an expense.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.4. MATERIAL ACCOUNTING POLICIES (continued)

Net gain or loss on financial assets at fair value through profit or loss

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

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year/period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as "fair value through profit or loss" are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Interest income

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

Taxes

In some jurisdiction, dividend income, interest income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in statement of profit or loss and other comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Related parties

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Estimates

The key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Sub-Fund based its estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Sub-Fund. Such changes are reflected in the assumptions when they occur.

Taxation

In preparing these financial statements, management has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

4. FEES

Management fee

The Manager is entitled to receive a management fee from the Sub-Fund as a percentage of net assets attributable to holders of redeemable units of each class of unit of the Sub-Fund Class M units: 0% per annum, Class A units: 0.15% - 0.4% per annum, Class B units: 0.30% - 0.65% per annum, Class I units: 0.05% per annum and Class C units: 0.4% per annum, subject to maximum fee of 3% per annum calculated and accrued daily and payable monthly in arrears.

Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, at a rate of up to 0.075% per annum of the net assets attributable to holders of redeemable units of the Sub-Fund calculated and accrued daily and payable monthly in arrears.

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5. DISTRIBUTION

|   | 2023<br>HKD  |
|---|--|
| Amount brought forward as at 1 January 2023   | -  |
| Increase in net assets attributable to unitholders during the year                  | 349,012,827  |
| Add: Finance costs – distributions to unitholders                                   | 2  |
| Less: Net unrealised gains on financial assets at fair value through profit or loss | -  |
| Add: Net foreign exchange differences   | 487,576  |
| Undistributed income before distributions   | <u>349,500,405</u>   |
| Dividend declared on 30 June 2023<br>(Class C-HKD-DIST – HKD0.251 per unit)         | (0.25)   |
| Dividend declared on 31 July 2023<br>(Class C-HKD-DIST – HKD0.251 per unit)         | (0.25)   |
| Dividend declared on 31 August 2023<br>(Class C-HKD-DIST – HKD0.251 per unit)       | (0.25)   |
| Dividend declared on 29 September 2023<br>(Class C-HKD-DIST – HKD0.251 per unit)    | (0.25)   |
| Dividend declared on 31 October 2023<br>(Class C-HKD-DIST – HKD0.252 per unit)      | (0.25)   |
| Dividend declared on 30 November 2023<br>(Class C-HKD-DIST – HKD0.252 per unit)     | (0.25)   |
| Dividend declared on 29 December 2023<br>(Class C-HKD-DIST – HKD0.252 per unit)     | (0.26)   |
| Transfer to capital   | <u>(349,500,403)</u>   |
| Undistributed income at 31 December 2023  | <u>-</u>   |
|   | For the period from<br>27 September 2021 (date<br>of initial issue of units) to<br>31 December 2022<br>HKD |
| Amount brought forward as at 27 September 2021<br>(date of initial issue of units)  | -  |
| Increase in net assets attributable to unitholders during the period                | 91,671,568   |
| Add: Finance costs – distributions to unitholders                                   | -  |
| Less: Net realized gains on financial assets at fair value through profit or loss   | -  |
| Less: Net foreign exchange differences  | (840,947)  |
| Undistributed income before distributions   | <u>90,830,621</u>  |
| Dividend declared on 31 December 2022   | -  |
| Transfer to capital   | <u>(90,830,621)</u>  |
| Undistributed income at 31 December 2022  | <u>-</u>   |

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. DISTRIBUTION (continued)

The amount available for distribution is the total net amount receivable by the Sub-Fund in respect of the relevant period ("Total Income") minus any expenses chargeable against income, subject to adjustments made in accordance with the Trust Deed. Total Income would include amount receivable by way of interests (e.g. generated from bank deposits and debt securities), or other receipts as determined by the Manager to be in the nature of income. Unrealised capital gain or loss does not form part of Total Income and therefore would not impact on the amount available for distribution.

6. INCOME TAX

Hong Kong Tax

The Sub-Funds of the Trust are exempt from Hong Kong profits tax on income arising from its authorised activities under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Withholding Tax

The Sub-Fund is subject to withholding tax on certain interest income on time deposits.

The withholding tax paid during the year ended 31 December 2023 was HKDNil (2022: HKD565,525).

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | 2023<br>HKD        | 2022<br>HKD      |
|---|--------------------|------------------|
| Financial assets at fair value through profit or loss   |                    |                  |
| - Money market investment   | 375,087,911        | -                |
|   | <u>375,087,911</u> | <u>-</u>         |
|   | 2023<br>HKD        | 2022<br>HKD      |
| Gains/(losses) recognised in relation to financial assets at fair value through profit or loss: |                    |                  |
| - Realised gains/(losses)   | 1,112,097          | (394,985)        |
| Net gains/(losses) on financial assets at fair value through profit or loss                     | <u>1,112,097</u>   | <u>(394,985)</u> |

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NOTES TO THE FINANCIAL STATEMENTS

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

Valuation techniques

*Unlisted investment fund*

The Sub-Fund invests in money market investments, which are not quoted in an active market and which may be subject to restrictions on redemptions such as lock up periods and redemption gates. The Manager considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investing, to ensure they are reasonable and appropriate. Therefore, the published NAV of these funds may be used as an input into measuring their fair value. In measuring this fair value, the NAV of the funds is adjusted, as necessary, to reflect restrictions on redemptions, future commitments, and other specific factors of the money market fund and its fund manager. In measuring fair value, consideration is also paid to any transactions in the shares of the fund. The Sub-Fund classifies these funds as Level 2.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured as at fair value as at 31 December 2023.

|   | Quoted prices in<br>active markets<br>(Level 1)<br>HKD | Significant<br>observable<br>inputs (Level 2)<br>HKD | Significant<br>unobservable<br>inputs (Level 3)<br>HKD | Total<br>HKD |
|---|--|--|--|--------------|
| Financial assets at<br>fair value through<br>profit or loss<br>- Money market<br>investment | -  | 375,087,911  | -  | 375,087,911  |
| Total financial assets  | -  | 375,087,911  | -  | 375,087,911  |

There are no financial assets measured at fair value through profit and loss as at 31 December 2022.

As at 31 December 2023 and 2022, there are no investments classified within Level 1 and Level 3. During the years ended 31 December 2023 and 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

8. CASH AND CASH EQUIVALENTS

|   | 2023<br>HKD          | 2022<br>HKD          |
|---|----------------------|----------------------|
| Cash at bank  | 369,682,879          | 1,603,646,437        |
| Time deposits with original maturity of three<br>months or less | 1,591,050,686        | 661,672,161          |
|   | <u>1,960,733,565</u> | <u>2,265,318,598</u> |

The bank balances are held in interest bearing accounts with Bank of China (Hong Kong) Limited, an affiliate company of the Trustee, China Zheshang Bank Company Limited and Chong Hing Bank Limited. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Sub-Fund and earn interest at the respective short term time deposit rates. The carrying amount of cash and cash equivalents approximate to their fair value.

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NOTES TO THE FINANCIAL STATEMENTS

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9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

|  | 2023            | 2022            |
|--|-----------------|-----------------|
| Net assets attributable to unitholders (HKD) |                 |                 |
| - Class M-HKD-AC                             | 273,542,566     | 44,232,616      |
| - Class A-HKD-AC                             | 457,729,432     | 327,743,357     |
| - Class B-HKD-AC                             | 5,496,911,267   | 6,168,087,302   |
| - Class I-HKD-AC                             | 1,009,442,474   | 446,327,405     |
| - Class C-HKD-AC                             | 103             | -               |
| - Class C-HKD-DIST                           | 102             | -               |
| Number of units in issue (units)             |                 |                 |
| - Class M-HKD-AC                             | 25,562,137.262  | 4,343,872.355   |
| - Class A-HKD-AC                             | 43,032,477.361  | 32,186,097.983  |
| - Class B-HKD-AC                             | 519,197,477.072 | 605,738,172.287 |
| - Class I-HKD-AC                             | 94,450,323.437  | 43,831,666.656  |
| - Class C-HKD-AC                             | 1.000           | -               |
| - Class C-HKD-DIST                           | 1.012           | -               |

A reconciliation of the net assets attributable to holders of redeemable units as reported in the statement of financial position to the net assets attributable to holders of redeemable units as determined for the purposes of processing unit subscriptions and redemptions is provided below:

|   | 2023<br>HKD          | 2022<br>HKD          |
|---|----------------------|----------------------|
| Published net assets attributable to unitholders on 29 December 2023 and 30 December 2022 a | 6,722,620,555        | 6,945,732,285        |
| Adjustment for establishment costs (a)  | (256,138)            | (342,298)            |
| Adjustment to amounts payable on redemption of units (b)                                    | (72,459,502)         | (110,500,715)        |
| Adjustment to amounts receivable on subscription of units (b)                               | 585,635,472          | 150,381,962          |
| Adjustment to income and expenses   | 2,085,557            | 1,119,446            |
| Net assets attributable to unitholders as reported in the audited financial statements      | <u>7,237,625,944</u> | <u>6,986,390,680</u> |

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9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

As at 31 December 2023

|  | Unit price<br>as reported in<br>audited financial<br>statements in class<br>currency | Published unit<br>price in class<br>currency |
|--|--|--|
| <b>Class M-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders (b) | <u>HKD10.70108</u>   | <u>HKD10.69806</u>                           |
| <b>Class A-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders (b) | <u>HKD10.63683</u>   | <u>HKD10.63406</u>                           |
| <b>Class B-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders (b) | <u>HKD10.58732</u>   | <u>HKD10.58471</u>                           |
| <b>Class I-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders (b) | <u>HKD10.68754</u>   | <u>HKD10.68461</u>                           |
| <b>Class C-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders     | <u>HKD102.64000</u>  | <u>HKD102.61000</u>                          |
| <b>Class C-HKD-DIST</b>                    |  |  |
| Net assets attributable to unitholders     | <u>HKD100.87940</u>  | <u>HKD100.84980</u>                          |

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9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

As at 31 December 2022

|  | Unit price<br>as reported in<br>audited financial<br>statements in class<br>currency | Published unit<br>price in class<br>currency |
|--|--|--|
| <b>Class M-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders     | <u>HKD10.22180</u>   | <u>HKD10.22050</u>                           |
| <b>Class A-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders (b) | <u>HKD10.20116</u>   | <u>HKD10.19997</u>                           |
| <b>Class A-HKD-DIST</b>                    |  |  |
| Net assets attributable to unitholders     | <u>-</u>   | <u>-</u>                                     |
| <b>Class B-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders (b) | <u>HKD10.17909</u>   | <u>HKD10.17797</u>                           |
| <b>Class I-HKD-ACC</b>                     |  |  |
| Net assets attributable to unitholders     | <u>HKD10.21608</u>   | <u>HKD10.21479</u>                           |

Notes:

- (a) The establishment costs for establishing the Sub-Fund amounting to HKD439,930 were incurred in the period from 27 September 2021 (date of initial issue of units) to 31 December 2022. Per the explanatory memorandum of the Sub-Fund, the establishment costs are amortised over the first 5 accounting periods of the Sub-Fund. However, with respect to the Sub-Funds for the purpose of financial statements preparation in compliance with IFRSs, their accounting policies are to expense the establishment costs in profit or loss as incurred. The unamortised amount was HKD241,962 (2022: HKD329,948) and the remaining period was 33 months (2022: 45 months) as at 31 December 2023.
- (b) There were subscription and redemption of units of Class M-HKD-ACC, Class A-HKD-ACC, Class-B-HKD-ACC and Class I-HKD-ACC on 29 December 2023 (2022: Class-B-HKD-ACC and Class A-HKD-ACC on 30 December 2022) after net assets attributable to unitholders was published on 29 December 2023 (2022: 30 December 2022).

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NOTES TO THE FINANCIAL STATEMENTS

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10. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Capital management

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

Investment in the Sub-Fund is subject to normal market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The value of investments and the income from them fluctuate and therefore the value of the redeemable participating units can fall as well as rise.

The performance of the Sub-Fund will be affected by a number of risk factors, including the following:

**Market risk**

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

The maximum risk resulting from financial instruments equals their fair value.

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

- Price risk
- Interest rate risk
- Foreign exchange risk

Price risk

The Sub-Fund's market price risk is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals.

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of interest-bearing assets and future cash flow.

The Sub-Fund has interest-bearing bank deposits. As the bank deposits are short term in nature, the Manager considers the movement in interest rates will have insignificant cash flow impact on the daily net assets attributable to holders of redeemable units and therefore no sensitivity analysis on bank deposits is presented.

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund invests in securities that are denominated in currencies other than the HKD. Accordingly, the value of the Sub-Fund's assets may be affected favourably or unfavourably by fluctuations in currency rates. Therefore, the Sub-Fund will necessarily be subject to foreign exchange risks.

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NOTES TO THE FINANCIAL STATEMENTS

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

**Market risk** (continued)

**Foreign exchange risk** (continued)

The primary purpose of the Sub-Fund's foreign currency economic hedging activities is to protect against the volatility associated with investments and other assets and liabilities denominated in foreign currencies in the normal course of business. From time to time, the Sub-Fund may attempt to manage currency risk by using forward contracts, options or other instruments.

The Sub-Fund only holds monetary financial assets and liabilities predominately denominated in HKD and USD. Since the HKD is pegged to the USD, the Manager considers the Sub-Fund's exposure to foreign exchange risk in respect of the monetary financial assets and liabilities denominated in USD is minimal.

**Liquidity risk**

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets. The Sub-Fund is exposed to cash redemptions of its redeemable units on every Hong Kong business day during the calendar year.

The Manager seeks to control the liquidity risk of the investment portfolio in order to meet unitholders' redemption requests. However, if sizable redemption requests are received, the Manager may need to liquidate investment at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses as a result.

As at 31 December 2023

|   | On demand<br>HKD   | Less than 3<br>months<br>HKD | 3 to less than<br>12 months<br>HKD | Others<br>HKD      | Total<br>HKD         |
|---|--------------------|------------------------------|------------------------------------|--------------------|----------------------|
| <b>Financial assets</b>                               |                    |                              |                                    |                    |                      |
| Financial assets at fair value through profit or loss | -                  | -                            | -                                  | 375,087,911        | 375,087,911          |
| Time deposits   |                    |                              |                                    |                    |                      |
| - With original maturity more than three months       | -                  | 978,930,078                  | 3,891,483,929                      | -                  | 4,870,414,007        |
| Interest receivable on deposits                       | -                  | 15,255,114                   | 20,159,173                         | -                  | 35,414,287           |
| Cash and cash equivalents                             | 369,682,879        | 1,591,050,686                | -                                  | -                  | 1,960,733,565        |
| <b>Total financial assets</b>                         | <b>369,682,879</b> | <b>2,585,235,878</b>         | <b>3,911,643,102</b>               | <b>375,087,911</b> | <b>7,241,649,770</b> |
| <b>Financial liabilities</b>                          |                    |                              |                                    |                    |                      |
| Management fee payable                                | -                  | 3,468,859                    | -                                  | -                  | 3,468,859            |
| Trustee fee payable                                   | -                  | 352,256                      | -                                  | -                  | 352,256              |
| Accrued expenses and other payables                   | -                  | 279,493                      | -                                  | -                  | 279,493              |
| Net assets attributable to unitholders*               | -                  | -                            | -                                  | 7,237,625,944      | 7,237,625,944        |
|   | -                  | 4,100,608                    | -                                  | 7,237,625,944      | 7,241,726,552        |

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

**Liquidity risk** (continued)

As at 31 December 2022

|   | On demand<br>HKD | Less than 3<br>months<br>HKD | 3 to less than<br>12 months<br>HKD | Others<br>HKD | Total<br>HKD  |
|---|------------------|------------------------------|------------------------------------|---------------|---------------|
| <b>Financial assets</b>                         |                  |                              |                                    |               |               |
| Time deposits                                   |                  |                              |                                    |               |               |
| - With original maturity more than three months | -                | 4,678,653,640                | 10,080,206                         | -             | 4,688,733,846 |
| Interest receivable on deposits                 | -                | 36,096,257                   | -                                  | -             | 36,096,257    |
| Cash and cash equivalents                       | 1,603,646,437    | 661,672,161                  | -                                  | -             | 2,265,318,598 |
| Total financial assets                          | 1,603,646,437    | 5,376,422,058                | 10,080,206                         | -             | 6,990,148,701 |
| <b>Financial liabilities</b>                    |                  |                              |                                    |               |               |
| Management fee payable                          | -                | 3,270,846                    | -                                  | -             | 3,270,846     |
| Trustee fee payable                             | -                | 328,082                      | -                                  | -             | 328,082       |
| Accrued expenses and other payables             | -                | 235,841                      | -                                  | -             | 235,841       |
| Net assets attributable to unitholders*         | -                | -                            | -                                  | 6,986,390,680 | 6,986,390,680 |
|   | -                | 3,834,769                    | -                                  | 6,986,390,680 | 6,990,225,449 |

\* Subject to redemption terms of the Sub-Fund.

**Credit and counterparty risk**

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Sub-Fund by failing to discharge an obligation. The Sub-Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within equity securities and cash and cash equivalents.

It is the Sub-Fund's policy to enter into financial instruments with reputable counterparties. The Manager's policy is to closely monitor the creditworthiness of the Sub-Fund's counterparties (e.g., brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and investments held with the financial institutions. The Sub-Fund limits its exposure to counterparty risk by transacting with well-established banks and counterparties with high credit rating. As at 31 December 2023, the Sub-Fund's bank deposits and investments are held with the financial institutions with credit ratings of Baa3 or above (2022: Baa3 or above) rated by Moody's. As such, the Manager does not consider the Sub-Fund to be exposed to significant counterparty risk.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

***Credit and counterparty risk*** (continued)

Financial assets subject to IFRS 9's impairment requirements

The Sub-Fund's financial assets subject to the expected credit loss model within IFRS 9 are only cash and cash equivalents, interest receivables on deposits, time deposits and other receivables. At 31 December 2023, no loss allowance (2022: HKDNil) had been provided. No assets are considered impaired and no amounts have been written off in the period. All receivables are expected to be received in three months or on demand. The Sub-Fund has adopted the simplified approach, meaning loss allowance made, if any, is based on lifetime ECLs.

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: other receivables, time deposits, interest receivable on deposits and cash and cash equivalents.

Financial assets not subject to IFRS 9's impairment requirements

Financial assets at fair value through profit or loss is not subject to IFRS 9's impairment requirements as they are measured at fair value through profit or loss. The carrying value of these assets represents the Sub-Fund's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons of the Manager and the Trustee are those as defined in the SFC Code. All transactions entered into during the year/period between the Sub-Fund and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for what is disclosed below.

In addition to the transactions disclosed in Note 4, the following is a summary of significant related party transactions entered into during the year between the Sub-Fund and its related parties including the Manager, the Investment delegate, Trustee/Custodian, and their connected persons. Connected persons of the Manager and Trustee are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund and the Manager were carried out in the normal course of business and on normal commercial terms.

A. Bank deposits and investments held by the Trustee's connected persons

The Sub-Fund's bank deposits and investments were held by the Trustee's connected person, Bank of China (Hong Kong) Limited. Further details of the balances held are described in Note 8 to the financial statements. At 31 December 2023, bank balance was HK\$32,585 (2022: HKD778,568,386). For the year ended 31 December 2023, the interest income on the bank deposits was HK\$5,922,475 (2022: HKD4,798,072) and bank charges was HK\$53,426 (2022: HKD73,842).

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NOTES TO THE FINANCIAL STATEMENTS

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11. TRANSACTIONS WITH CONNECTED PERSONS (continued)

B. Investments transactions with connected persons of the Manager and the Trustee

The following table summarises the investments transactions with BOCI-Prudential Trustee Limited, the Trustee of the Sub-Fund.

|                                 | Aggregate value<br>of purchases and<br>sales transactions<br>HKD | Total<br>commission<br>paid<br>HKD | % of Sub-Fund<br>total transactions<br>during the year<br>% |
|---------------------------------|--|------------------------------------|---|
| <u>2023</u>                     |  |                                    |   |
| BOCI-Prudential Trustee Limited | 37,752,571,648   | -                                  | 100%  |
| <u>2022</u>                     |  |                                    |   |
| BOCI-Prudential Trustee Limited | 312,105,015  | -                                  | 100%  |

C. Holdings in the Sub-Fund by the connected persons of the Manager and the Trustee

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund. The holdings in the Sub-Fund by the Manager and its connected persons as at 31 December 2023 and 31 December 2022 were as follows:

| Connected Person   | Share Class         | Units<br>outstanding at<br>1 January 2023 | Units subscribed<br>during the year | Units redeemed<br>during the year | Units outstanding<br>at 31 December<br>2023 |
|--|---------------------|---|-------------------------------------|-----------------------------------|---|
| Taikang<br>International<br>Finance Limited, the<br>wholly owned<br>subsidiary of the<br>Manager | Class A-<br>HKD-ACC | 3,495.087                                 | -                                   | -                                 | 3,495.087                                   |
|  |                     | <u>3,495.087</u>                          | <u>-</u>                            | <u>-</u>                          | <u>3,495.087</u>                            |
| Director of the<br>Manager   | Class I-<br>HKD-ACC | -   | 2,516,310.397                       | (2,388,906.946)                   | 127,403.451                                 |
|  |                     | <u>-</u>                                  | <u>2,516,310.397</u>                | <u>(2,388,906.946)</u>            | <u>127,403.451</u>                          |

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. TRANSACTIONS WITH CONNECTED PERSONS (continued)

C. Holdings in the Sub-Fund by the connected persons of the Manager and the Trustee (continued)

| Connected Person  | Share Class     | Units<br>outstanding at<br>1 January<br>2023 | Units subscribed<br>during the year | Units redeemed<br>during the year | Units outstanding<br>at 31 December<br>2023 |
|---|-----------------|--|-------------------------------------|-----------------------------------|---|
| Taikang Asset Management (Hong Kong) Company Limited, the Manager of the Sub-Fund | Class M-HKD-ACC | 4,072,576.318                                | 16,105,843.451                      | (17,374,173.018)                  | 2,804,246.751                               |
| Taikang International Finance Limited, the wholly owned subsidiary of the Manager | Class M-HKD-ACC | 19,891.036                                   | 12,500,642.841                      | (12,520,533.877)                  | -   |
| Taikang Kaitai Monthly Stable Fund, Fund managed by the manager                   | Class M-HKD-ACC | -  | 3,444,664.720                       | (3,115,475.010)                   | 329,189.71                                  |
| Taikang Kaitai Investment Grade Bond Fund, Fund managed by the manager            | Class M-HKD-ACC | -  | 18,943.434                          | -                                 | 18,943.434                                  |
| Taikang Kaitai Overseas Short Tenor Bond Fund, Fund managed by the manager        | Class M-HKD-ACC | -  | 7,455,601.461                       | (5,081,121.549)                   | 2,374,479.912                               |
| Taikang Kaitai US Dollar Money Market Fund, Fund managed by the manager           | Class M-HKD-ACC | -  | 353,929,481.927                     | (353,929,481.927)                 | -   |
| Taikang Capital Stable Fund, Fund managed by the manager                          | Class M-HKD-ACC | -  | 259,616,692.467                     | (259,616,692.467)                 | -   |
|   |                 | <u>4,092,467.354</u>                         | <u>653,071,870.295</u>              | <u>(651,637,477.848)</u>          | <u>5,526,859.807</u>                        |

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. TRANSACTIONS WITH CONNECTED PERSONS (continued)

C. Holdings in the Sub-Fund by the connected person of the Manager and the Trustee (continued)

| Connected Person  | Share Class         | Units<br>outstanding at<br>27 September<br>2021 (date of<br>initial issue of<br>units) | Units subscribed<br>during the year | Units redeemed<br>during the year | Units<br>outstanding at<br>31 December<br>2022 |
|---|---------------------|--|-------------------------------------|-----------------------------------|--|
| Taikang<br>International<br>Finance Limited, the<br>wholly owned subsidiary of<br>the Manager | Class A-<br>HKD-ACC | -  | 2,000,000.000                       | (1,996,504.913)                   | 3,495.087                                      |
|   |                     | -  | 2,000,000.000                       | (1,996,504.913)                   | 3,495.087                                      |
| Taikang<br>International<br>Finance Limited, the<br>wholly owned subsidiary of<br>the Manager | Class B-<br>HKD-ACC | -  | 2,000,000.000                       | (2,000,000.000)                   | -  |
|   |                     | -  | 2,000,000.000                       | (2,000,000.000)                   | -  |
| Taikang<br>International<br>Finance Limited, the<br>wholly owned subsidiary of<br>the Manager | Class I-HKD-<br>ACC | -  | 2,000,000.000                       | (2,000,000.000)                   | -  |
|   |                     | -  | 2,000,000.000                       | (2,000,000.000)                   | -  |
| Taikang Asset<br>Management (Hong Kong)<br>Company Limited, the<br>Manager of the Sub-Fund    | Class M-<br>HKD-ACC | -  | 39,826,162.500                      | (35,753,586.182)                  | 4,072,576.318                                  |
| Taikang<br>International<br>Finance Limited, the<br>wholly owned subsidiary of<br>the Manager | Class M-<br>HKD-ACC | -  | 21,082,163.377                      | (21,062,272.341)                  | 19,891.036                                     |
| Taikang Kaitai US Dollar<br>Money Market Fund,<br>Fund managed by<br>the manager              | Class M-<br>HKD-ACC | -  | 95,583,355.612                      | (95,583,355.612)                  | -  |
| Taikang Capital Stable<br>Fund, Fund managed<br>by the manager                                | Class M-<br>HKD-ACC | -  | 68,732,155.048                      | (68,732,155.048)                  | -  |
|   |                     | -  | 225,223,836.537                     | (221,131,369.183)                 | 4,092,467.354                                  |

All transactions entered into during the year between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. TRANSACTIONS WITH CONNECTED PERSONS (continued)

D. Fees earned by the Manager, the Trustee and its connected persons

In addition to the management fee and trustee fee disclosed in Note 4, the below fees are charged by the sub-funds connected person:

Transaction costs

The Trustee is entitled to receive transaction fee up to HKD240 for each securities / unit trust / mutual fund transaction / cash outgoing transfer made through the Trustee. The transaction cost for the year ended 31 December 2023 were HKD24,720 (2022: HKD26,160).

Accounting fee

The Trustee is entitled to receive an accounting fee for preparation of the draft of financial statements, at a rate of HKD10,000 per draft of report. The accounting fee for the year ended 31 December 2023 was HKD10,022 (2022: HKD9,045).

E. Investments in money market fund managed by the Manager

As at 31 December 2023, the Sub-Fund holds 4,454,632 units (2022: Nil) in Taikang Kaitai US Dollar Money Market Fund, an investment fund with the same Manager and Trustee, with fair value of HKD375,087,911 (2022: HKDNil).

12. SOFT COMMISSION ARRANGEMENTS

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

The goods and services must be of demonstrable benefit to the Sub-Fund and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

Since the inception of the Sub-Fund, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts of the Sub-Fund.

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. SUBSEQUENT EVENTS

During the period from 1 January 2024 to the date of authorisation of these financial statements, the Sub-Fund has the following subsequent subscriptions and redemptions:

|                          | Number of units          | HKD                   |
|--------------------------|--------------------------|-----------------------|
| Subsequent subscriptions |                          |                       |
| - Class M-HKD-ACC        | 528,323,069.821          | 5,698,303,982         |
| - Class A-HKD-ACC        | 80,038,390.890           | 859,392,980           |
| - Class B-HKD-ACC        | 1,209,169,442.775        | 12,909,074,054        |
| - Class I-HKD-ACC        | 126,410,794.987          | 1,357,089,625         |
| - Class C-HKD-DIST       | 0.008                    | 1                     |
|                          | <u>1,943,941,698.481</u> | <u>20,823,860,642</u> |
| Subsequent redemptions   |                          |                       |
| - Class M-HKD-ACC        | 344,607,770.974          | 3,717,428,043         |
| - Class A-HKD-ACC        | 47,677,083.125           | 511,828,192           |
| - Class B-HKD-ACC        | 776,536,839.397          | 8,290,865,815         |
| - Class I-HKD-ACC        | 125,469,518.357          | 1,353,592,232         |
|                          | <u>1,294,291,211.853</u> | <u>13,873,714,282</u> |

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 29 April 2024.

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
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STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED)

31 December 2023

|   | Unit      | Fair Value<br>HK\$   | % of net<br>assets |
|---|-----------|----------------------|--------------------|
| <b><u>Total Net Assets</u></b>                  |           |                      |                    |
| TAIKANG KAITAI US DOLLAR MONEY<br>MARKET FUND-M | 4,454,632 | 375,087,911          | 5.18               |
| Total investment portfolio                      | -         | 375,087,911          | 5.18               |
| Other net assets                                | -         | 6,862,538,033        | 94.82              |
| Total net assets                                |           | <u>7,237,625,944</u> | <u>100</u>         |

|   | Days  |
|---|-------|
| Portfolio weighted average maturity in days | 56.10 |
| Portfolio weighted average life in days     | 56.10 |

|                      | Fair Value<br>HK\$ | % of Net<br>Assets |
|----------------------|--------------------|--------------------|
| Daily liquid assets  | 2,850,661,946      | 39.39%             |
| Weekly liquid assets | 4,275,064,301      | 59.07%             |

As at 31 December 2022

|                                | Unit | Fair Value<br>HK\$   | % of net<br>assets |
|--------------------------------|------|----------------------|--------------------|
| <b><u>Total Net Assets</u></b> |      |                      |                    |
| Total investment portfolio     | -    | -                    | -                  |
| Other net assets               | -    | 6,986,390,680        | 100                |
| Total net assets               |      | <u>6,986,390,680</u> | <u>100</u>         |

|   | Days  |
|---|-------|
| Portfolio weighted average maturity in days | 48.80 |
| Portfolio weighted average life in days     | 48.80 |

|                      | Fair Value<br>HK\$ | % of Net<br>Assets |
|----------------------|--------------------|--------------------|
| Daily liquid assets  | 1,603,646,437      | 22.95%             |
| Weekly liquid assets | 1,603,646,437      | 22.95%             |

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

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

For the year ended 31 December 2023

|   | <u>Movements in nominal value/holding</u> |            |              | At 31<br>December<br>2023 |
|---|---|------------|--------------|---------------------------|
|   | Holding as at<br>1 January<br>2023        | Additions  | Disposals    |                           |
| <b><u>Financial assets at fair value through<br/>profit or loss</u></b> |   |            |              |                           |
| <b>Unlisted investment fund</b>   |   |            |              |                           |
| <b>Hong Kong</b>  |   |            |              |                           |
| <b>Denominated in HKD</b>   |   |            |              |                           |
| TAIKANG KAITAI US DOLLAR MONEY<br>MARKET FUND-M                         | -   | 15,399,655 | (10,945,023) | 4,454,632                 |

|  | <u>Movements in nominal value/holding</u>                                    |           |             | At 31<br>December<br>2022 |
|--|--|-----------|-------------|---------------------------|
|  | Holding as at<br>27 September<br>2021 (date of<br>initial issue of<br>units) | Additions | Disposals   |                           |
| For the period from 27 September<br>2021 (date of initial issue of units) to 31<br>December 2022 |  |           |             |                           |
| <b><u>Financial assets at fair value through<br/>profit or loss</u></b>                          |  |           |             |                           |
| <b>Unlisted investment fund</b>  |  |           |             |                           |
| <b>Hong Kong</b>   |  |           |             |                           |
| <b>Denominated in HKD</b>  |  |           |             |                           |
| TAIKANG KAITAI US DOLLAR MONEY<br>MARKET FUND-M  | -  | 1,969,733 | (1,969,733) | -                         |

TAIKANG KAITAI HONG KONG DOLLAR MONEY MARKET FUND  
(a sub-fund of Taikang Kaitai Funds)

PERFORMANCE TABLE (UNAUDITED)

31 December 2023

Net asset value attributable to unitholders

|                        | Net asset value<br>per unit | Total net<br>asset value<br>HKD |
|------------------------|-----------------------------|---------------------------------|
| As at 31 December 2023 |                             |                                 |
| - Class M-HKD-ACC      | 10.70108                    | 273,542,566                     |
| - Class A-HKD-ACC      | 10.63683                    | 457,729,432                     |
| - Class B-HKD-ACC      | 10.58732                    | 5,496,911,267                   |
| - Class I-HKD-ACC      | 10.68754                    | 1,009,442,474                   |
| - Class C-HKD-ACC      | 102.64000                   | 103                             |
| - Class C-HKD-DIST     | 100.87940                   | 102                             |

|                        | Net asset value<br>per unit | Total net<br>asset value<br>HKD |
|------------------------|-----------------------------|---------------------------------|
| As at 31 December 2022 |                             |                                 |
| - Class M-HKD-ACC      | 10.22180                    | 44,232,616                      |
| - Class A-HKD-ACC      | 10.20116                    | 327,743,357                     |
| - Class A-HKD-DIST     | -                           | -                               |
| - Class B-HKD-ACC      | 10.17909                    | 6,168,087,302                   |
| - Class I-HKD-ACC      | 10.21608                    | 446,327,405                     |

Highest issue price and lowest redemption price per unit

|                                     | Highest<br>issue price<br>per unit<br>HKD | Lowest<br>redemption<br>price<br>per unit<br>HKD |
|-------------------------------------|---|--|
| For the year ended 31 December 2023 |   |  |
| - Class M-HKD-ACC                   | 10.69806                                  | 10.22641   |
| - Class A-HKD-ACC                   | 10.63406                                  | 10.20542   |
| - Class B-HKD-ACC                   | 10.58471                                  | 10.18313   |
| - Class I-HKD-ACC                   | 10.68461                                  | 10.22064   |
| - Class C-HKD-ACC                   | 102.6100                                  | 100.00000  |
| - Class C-HKD-DIST                  | 101.0770                                  | 100.00000  |

|                                       | Highest<br>issue price<br>per unit<br>HKD | Lowest<br>redemption<br>price<br>per unit<br>HKD |
|---------------------------------------|---|--|
| For the period ended 31 December 2022 |   |  |
| - Class M-HKD-ACC                     | 10.22050                                  | 10.00000   |
| - Class A-HKD-ACC                     | 10.19997                                  | 10.00000   |
| - Class A-HKD-DIST                    | 10.00000                                  | 10.00000   |
| - Class B-HKD-ACC                     | 10.17797                                  | 10.00000   |
| - Class I-HKD-ACC                     | 10.21479                                  | 10.00000   |