

**TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW  
MOMENTUM EQUITY FUND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2018**



**TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND**

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## TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

### MANAGEMENT AND ADMINISTRATION

#### Directors of the Manager

Wang Xiangyang (appointed on 30 January 2019)  
Li Xudong (resigned on 30 January 2019)  
Wu Jun Tung (resigned on 30 January 2019)  
Li Hao (appointed on 8 August 2018)  
Wang Hegian (appointed on 8 August 2018)

#### Manager

Taiping Assets Management (HK) Company Limited  
Unit 1-2, 19th Floor,  
18 King Wah Road,  
North Point,  
Hong Kong

#### Trustee and Registrar

BOCI-Prudential Trustee Limited  
12/F & 25/F, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

#### Auditors

PricewaterhouseCoopers  
21/F, Edinburgh Tower  
15 Queen's Road Central  
Hong Kong

#### Custodian

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

#### Legal Advisors to the Manager

Deacons  
5/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

## TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

### REPORT OF THE MANAGER TO THE UNITHOLDERS

#### Market Review

Despite surging during the first month, Hong Kong stock market fluctuated throughout the whole year of 2018, with Hang Seng Index and MSCI Zhong Hua Index eventually dropped by 13.6% and 18.0% respectively.

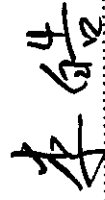
Hong Kong Stock market experienced the worst performance in the past seven years and about HK\$4.5 trillion (US\$575 billion) in market capitalization was wiped out during 2018. The market has been volatile by the US-China trade disputes and US tightening liquidity due to US interest rate hikes, China's economy losing steam in the second half, as well as worries over a synchronized global economic slowdown.

The Sub-Fund delivered an absolute return of 2.07% in the first half of 2018. However, due to the US-China trade disputes, China's macroeconomic growth slowdown, mounting market risk as well as rising risk aversion, Hang Seng Index and MSCI Zhong Hua Index tumbled by 10.7% and 15.8% respectively in the second half. The Sub-Fund retreated by 14.1% in the full year, beating over the benchmark index (MSCI Zhong Hua Index) by 3.9 ppts. This is mainly due to successful stock pick and sector allocation. On June 12 2018, the Sub-Fund declared its first dividend payout of HK\$8.304 per unit.

Market has rebounded ever since the start of 2019 with the Fed's dovish statement, US-China's trade ceasefire agreement and rising market risk appetite, the Sub-Fund also witnessed an impressive rebound in NAV in the first quarter of 2019.

Despite a few uncertainties, we see several positive factors. We believe moderately accommodative monetary policy and proactive fiscal policy by Chinese government would be helpful to stabilize the economy. The VAT cut from April 1<sup>st</sup> 2019 and the social security contribution fee reduction from May 1<sup>st</sup> 2019 would promote corporate earnings and support labor market. Besides, consumers' confidence and investors' confidence as well as leading indicator Manufacturing PMI are gradually recovering. Furthermore, the further inclusion of China A shares and Chinese bonds into global indices will promote overseas investors to increase asset allocation on China assets in 2019 and going forward.

In summary, we are cautiously optimistic about the 2019 market performance. We will continue to seek high quality names and undervalued stocks in Hong Kong market. At the same time, we will also look for long-term investment targets in the most promising sectors of US and mainland China. We will maintain main position on high quality stocks, including high dividend yield plays, growth plays which could gain market share and beat market expectations, and seek more investment opportunities in Communication Services, Information Technology, China Financials and Consumer sectors.



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Taiping Assets Management (HK) Company Limited  
26 April 2019

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, to the best of our knowledge the Manager of the sub-fund has, in all material respects, managed the Trust in accordance with the provisions of the Trust Deed dated 17 March 2009 and its supplemental deeds, for the year ended 31 December 2018.



BOCI-Prudential Trustee Limited  
26 April 2019

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW  
MOMENTUM EQUITY FUND**

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

**Opinion**

*What we have audited*

The financial statements of Taiping Greater China New Momentum Equity Fund (the "Sub-Fund"), a sub-fund of Taiping Investment Fund, set out on pages 7 to 28, which comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

*Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2018, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Basis for Opinion**

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

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

*Independence*

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

**Other Information**

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW  
MOMENTUM EQUITY FUND (CONTINUED)**

**Responsibilities of the Management for the Financial Statements**

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

In preparing the financial statements, the Management of the Sub-Fund is 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 Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 17 March 2009, as amended ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-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.



**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW  
MOMENTUM EQUITY FUND (CONTINUED)**

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and 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 SFC Code.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 26 April 2019

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Notes	2018 HK\$	2017 HK\$
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	5	278,521,315	397,315,333
Cash and cash equivalents	7	59,283,070	21,544,300
Dividend receivables		-	65,001
Amounts due from brokers	8	17,376,242	16,226,681
Other receivables		14,824	14,794
<b>TOTAL ASSETS</b>		<b>355,195,451</b>	<b>435,166,109</b>
<b>LIABILITIES</b>			
Amounts due to brokers	8	3,415,591	16,944,459
Other payables		1,135,676	1,221,788
<b>TOTAL LIABILITIES</b>		<b>4,551,267</b>	<b>18,166,247</b>
<b>EQUITY</b>			
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>350,644,184</b>	<b>416,999,862</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>355,195,451</b>	<b>435,166,109</b>

The financial statements on pages 7 to 28 are approved by:

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Manager



.....  
Trustee



The notes on pages 11 to 28 are an integral part of these financial statements.

**TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND**

**STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Notes	2018 HK\$	2017 HK\$
<b>INCOME</b>			
Net change in unrealised (losses)/gains on financial assets at fair value through profit or loss	6	(62,578,054)	35,325,446
Net realised gains on financial assets at fair value through profit or loss	6	18,547,742	27,559,172
Foreign exchange differences, net		(2,978,196)	(2,141,765)
Dividend income		8,710,853	6,968,893
Interest income		9,295	8,525
Other income		-	6,129
		<u>(38,288,360)</u>	<u>67,726,400</u>
<b>EXPENSES</b>			
Management fee	11	(6,043,483)	(6,256,698)
Transaction fees		(5,981,900)	(7,590,966)
Trustee and administration fee	11	(566,124)	(583,559)
Auditor's remuneration		(247,960)	(224,665)
Legal and professional fees		-	(10,000)
Bank charges		(480)	(735)
Other expenses		(121,800)	(174,830)
		<u>(12,961,747)</u>	<u>(14,841,453)</u>
Total operating expenses		(51,250,107)	52,884,947
<b>(LOSS)/PROFIT BEFORE TAX</b>		(641,747)	(458,374)
Withholding taxes		-	-
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>		<u>(51,891,854)</u>	<u>52,426,573</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 HK\$	2017 HK\$
<b>Net assets attributable to unitholders at 1 January</b>		416,999,862	511,963,354
Subscription of units during the year		22,507,424	300,000
Redemption of units during the year		-	(147,690,065)
Distributions to unitholders	12	(36,971,248)	-
Total comprehensive (loss)/income for the year		(51,891,854)	52,426,573
<b>Net assets attributable to unitholders at 31 December</b>		<u>350,644,184</u>	<u>416,999,862</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

**TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Notes</b>	<b>2018 HK\$</b>	<b>2017 HK\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax for the year		(51,250,107)	52,884,947
Adjustments for:			
Dividend income		(8,710,853)	(6,968,893)
Interest income		(9,295)	(8,525)
Decrease/(increase) in financial assets at fair value through profit or loss		118,794,018	(123,435,408)
Increase in amounts due from brokers		(1,149,561)	(16,226,681)
Increase in other receivables		(30)	(48)
(Decrease)/increase in amounts due to brokers		(13,528,868)	16,944,459
Decrease in other payables		(86,112)	(405,223)
		<u>44,059,192</u>	<u>(77,215,372)</u>
Dividend received, net of withholding taxes		8,134,107	6,445,518
Interest received		9,295	8,525
		<u>52,202,594</u>	<u>(70,761,329)</u>
Net cash flows generated from/(used in) operating activities			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of units		22,507,424	300,000
Payments on redemption of units		-	(147,690,065)
Distributions to unitholders	12	(36,971,248)	-
		<u>(14,463,824)</u>	<u>(147,390,065)</u>
Net cash used in financing activities			
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		37,738,770	(218,151,394)
Cash and cash equivalents at beginning of the year		21,544,300	239,695,694
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u>59,283,070</u>	<u>21,544,300</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash at bank	7	<u>59,283,070</u>	<u>21,544,300</u>
<u>Non-cash transaction:</u>			

During the year, HK\$1,658,553 of the distributions to unitholders have been re-invested.

The notes on pages 11 to 28 are an integral part of these financial statements.

## TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 1 General information

Taiping Investment Fund (the "Fund") is an umbrella unit trust established in the Cayman Islands on 17 March 2009 under the Trusts Law by the Trust Deed dated 17 March 2009 and the supplemental deeds. The Fund currently consists of one sub-fund, Taiping Greater China New Momentum Equity Fund (the "Sub-Fund"), which commenced its operations on 26 March 2009.

The Fund and the Sub-Fund have been authorised by the Securities and Futures Commission of Hong Kong ("SFC") on 30 December 2009.

The investment objective of the Sub-Fund is to make investments (at least 70% of the Sub-Fund's non-cash assets) through a portfolio consisting of listed securities (which may include (but are not limited to) A Shares, B Shares, shares listed on the Hong Kong Stock Exchange ("SEHK") (including H Shares, Red Chips and other Hong Kong shares quoted in Hong Kong Dollar), and Other China Related Stocks) of companies that derive or are expected to derive a significant portion of their revenues from goods produced or sold, investments made or services performed in Greater China (which includes the People's Republic of China ("PRC"), the Special Administrative Regions of Hong Kong and Macau), in particular the listed securities of companies in Hong Kong that are expected to achieve stable and high dividend returns. The Sub-Fund may invest up to 20% of its non-cash assets in A Shares via the Shanghai-Hong Kong Stock Connect ("Stock Connect"). The Sub-Fund may also invest less than 30% of its non-cash assets in listed equity securities of companies which may have no connection with the Greater China region. Such equity securities are listed on exchanges worldwide including but not limited to the United States and also invest in financial derivative instruments for hedging purposes only.

#### 2 Summary of significant accounting policies

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

##### (a) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued and the relevant disclosure provisions specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (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 ("HK\$") and all values are rounded to the nearest HK\$ except where otherwise indicated.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee to exercise their judgement in the process of applying the Sub-Fund's accounting policies. The areas involving a higher degree of judgement or complexity, and areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

## TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Summary of significant accounting policies (Continued)

##### (a) Basis of preparation (Continued)

Standards and amendments to existing standards that are relevant to the Sub-Fund and effective 1 January 2018.

HKFRS 9, "Financial Instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in Hong Kong Accounting Standard ("HKAS") 39, "Financial Instruments: recognition and measurement", that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

HKFRS 9 has been applied retrospectively by the Sub-Fund and did not result in a change to the classification or measurement of financial instruments. The Sub-Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Sub-Fund.

##### (b) Financial assets at fair value through profit or loss

###### *Classification*

The Sub-Fund classified its investments based on both the business model for managing those financial assets and the contractual cash flow characteristics of those financial assets. The investments are managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the performance and to make decisions. Consequently, investments are measured at fair value through profit or loss.

###### *Recognition, derecognition and measurement*

Purchases and sales of investments are recognised on trade date – the date on which the Sub-Fund commits to purchase or sell the asset. Investments are initially recognised at fair value, and transaction costs for financial assets carried at fair value through profit or loss are expensed as incurred. Investments are subsequently re-measured at fair value. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

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

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

- 2 Summary of significant accounting policies (Continued)
- (b) Financial assets at fair value through profit or loss (Continued)

*Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on last traded prices. When trading in the securities of an investee company is suspended, the investment is valued at the Manager's estimate of its fair value.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Investment income and expenses

Dividend income is recognised on the ex-dividend date with the corresponding foreign withholding taxes recorded as a taxation charge.

Interest income is recognised on a time-proportion basis using the effective interest method.

Expenses are accounted for on an accrual basis.

(d) Accounts receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.



## TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 2 Summary of significant accounting policies (Continued)

##### (e) Accounts payables and accruals

Accounts payables and accruals are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the year of the payable using the effective interest method. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

##### (f) Foreign currency translation

###### (i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the "functional currency"). The performance of the Sub-Fund is measured and reported to the unitholders in Hong Kong Dollar ("HK\$"). The Manager considers Hong Kong Dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong Dollar, which is the Sub-Fund's functional and presentation currency.

###### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "foreign exchange differences".

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "change in unrealised gains/losses in value of financial assets at fair value through profit or loss" and "realised gains/(losses) on financial assets at fair value through profit or loss".

##### (g) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts, if any.

##### (h) Redeemable units

The Sub-Fund issues redeemable units, which are redeemable at the unitholders' option.

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

TAIPIING INVESTMENT FUND - TAIPIING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting judgements and estimates

The preparation of the Sub-Fund's financial statements requires management to make judgments, estimates and assumptions that affect the 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.

*Functional currency*

The primary objective of the Sub-Fund is to generate returns in HK\$, its capital-rising currency. The liquidity of the Sub-Fund is managed on a day-to-day basis in HK\$ in order to handle the issue, acquisition and resale of the Sub-Fund's redeemable units. The Sub-Fund's performance is evaluated in HK\$. Therefore, management considers HK\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

4 Taxation

PRC

The Sub-Fund is subject to PRC withholding tax of 10% on dividends paid by PRC during the year.

Hong Kong

The Sub-Fund is exempted from Hong Kong profit tax on profits arising from authorised activities under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance. No Hong Kong profits tax has been provided as the Sub-Fund is exempted from Hong Kong profits tax.

5 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss  
*Listed equity securities, by geographical location*

- Japan	-	2018 HK\$	2017 HK\$
- Hong Kong	240,227,772		52,753,814
- United State of America	38,293,543		245,930,385
	<hr/>		<hr/>
Total financial assets at fair value through profit or loss	278,521,315		397,315,333
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**TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>6</b>	<b>Net (loss)/gain on financial assets at fair value through profit or loss</b>	<b>2018</b>	<b>2017</b>
		<b>HK\$</b>	<b>HK\$</b>
	Gains or losses recognised in relation to financial assets at fair value through profit or loss		
	- realised gains	18,547,742	27,559,172
	- change in unrealised (losses)/gains	<u>(62,578,054)</u>	<u>35,325,446</u>
	Net (loss)/gain on financial assets at fair values through profit or loss	<u>(44,030,312)</u>	<u>62,884,618</u>

**7 Cash and cash equivalents**

The cash at bank of the Sub-Fund is held with Bank of China (Hong Kong) Limited, an affiliate company of the Trustee as at 31 December 2018. The carrying amount of the cash at bank approximates to their fair value. Refer to Note 11(c) for details.

	<b>2018</b>	<b>2017</b>
	<b>HK\$</b>	<b>HK\$</b>
Cash and cash equivalents	<u>59,283,070</u>	<u>21,544,300</u>

**8 Amount due from/to brokers**

Amounts due from brokers		
- receivables for securities sold but not yet settled	<u>17,376,242</u>	<u>16,226,681</u>
Amounts due to brokers		
- payables for securities purchased but not yet settled	<u>3,415,591</u>	<u>16,944,459</u>

The carrying amounts of amounts due from and to brokers approximate to their fair values.

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

9 Number of units in issue

As at 31 December 2018 and 2017, only Class B shares were in existence and the Sub-Fund concluded that these shares had all the features and met all the conditions for classification as equity instruments.

The movement of share capital is as follows:

Class B Units:

	2018	2017
	Number of units	Number of units
At the beginning of the year	4,452,222	6,160,509
Issued during the year	286,287	3,123
Redeemed during the year	-	(1,711,410)
At the end of the year	<u>4,738,509</u>	<u>4,452,222</u>
Net assets attributable to unitholders per unit - Class B Units	<u>HK\$ 74.00</u>	<u>HK\$ 93.66</u>

10 Financial risk and management objectives and policies

The Sub-Fund is subject to various risks as the Sub-Fund invested in a number of financial instruments including listed equity securities and derivatives during the year. Further, the revised investment strategy and investment portfolio may result in higher concentration risk. The Sub-Fund's portfolio may not be well diversified in terms of the types of securities due to smaller geographical region that the Sub-Fund may invest in. Also, the Sub-Fund may be more volatile than a broad-based global equity fund.

The investment objective, strategy and restrictions apply to any investment at the time that investment is made. The Manager will be responsible for ensuring compliance at all times with the investment policies. Where any policy is breached, the Manager will ensure that immediate corrective action will be taken, except where the breach is due to appreciation or depreciation in the value of investments. Refer to Note 1 for the investment objective of the Sub-Fund.

The Sub-Fund is exposed to market risk (including equity price risk, foreign currency risk and interest rate risk), credit and counterparty risk and liquidity risk.

The nature and extent of the financial instruments outstanding at the statement of financial position date and the risk management policies employed by the Investment Manager to manage these risks are discussed below.

## TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 10 Financial risk and management objectives and policies (Continued)

##### (a) Market risk

Market risk is the risk that value of financial assets will fluctuate as a result of changes in market prices, foreign currencies and interest rates whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market.

All securities investments present a risk of loss of capital. The Sub-Fund minimises its exposure to market price risk through (i) deliberate securities selection, and (ii) diversification of the investment portfolio. The Sub-Fund will not invest more than 10 per cent of the net asset value in the securities of a single issuer.

##### Equity price risk

Equity price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

All securities investments present a risk of loss of capital. The Sub-Fund's equity price risk is managed through deliberate securities/industry sectors selection.

Management's best estimate of the effect on the profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in the index shown below would have resulted in an equivalent, but opposite, impact.

As at 31 December 2018, the Sub-Fund invested in listed equity securities listed in Hong Kong and United States of America. (2017: Hong Kong, Japan and United States of America)

A sensitivity analysis with the benchmarking index is presented below.

Market indices	Change in equity price % +/-	Effect on equity and on profit/(loss) for the year HK\$ +/-
As at 31 December 2018 MSCI Zhong Hua Index	20.4	54,133,000
As at 31 December 2017 MSCI Zhong Hua Index	11.4	44,262,000

##### Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

During the year ended 31 December 2018, the Sub-Fund held financial assets in Hong Kong dollar, Chinese Yuan, Singapore Dollar and United States dollar only. (2017: Hong Kong dollar, Japanese yen and United States dollar)

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

10 Financial risk and management objectives and policies (Continued)

(a) Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has assets and liabilities denominated in currencies other than Hong Kong dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to foreign currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The manager considers that there is no currency risk to the USD which is a linked currency with HKD.

The table below summarises the impact on the Fund's net assets in response to theoretical possible increases/decreases of key exchange rates to the exposures tabled above, which the Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by 5% (2017: 5%) with all other variables held constant.

	Net exposure HK\$	exchange rate + / -	Possible reasonable shift in	Impact on net assets + / - HK\$
<b>At 31st December 2018</b>				
Chinese Yuan	293,171	5%	5%	14,659
Singapore Dollar	114	5%	5%	6
<b>At 31st December 2017</b>				
Japanese yen	53,058,115	5%	5%	2,652,906

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates. The Sub-Fund is exposed to interest rate risk as all its bank balances are placed in interest bearing accounts.

Manager considers that the Sub-Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. As the Sub-Fund has no investment on fixed income assets, the Manager considers that changes in their fair value in the event of a change in market interest rates will not be material.

(b) Credit and counterparty risk

Credit risk relates to the extent to which failures by counterparties to discharge their obligations could reduce the amount of future cash flows from financial assets on hand as at the statement of financial position date. The Sub-Fund minimises exposure to credit risk by only dealing with counterparties with high credit ratings.

## TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 10 Financial risk and management objectives and policies (Continued)

##### (b) Credit and counterparty risk (Continued)

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2018 and 31 December 2017, all other receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of A- or higher and are due to be settled within 1 week. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

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 as set out below. The table below summarises the Sub-Fund's assets placed with bank and their related credit rating from Standard & Poor's.

	HK\$	Credit Rating	Source of credit rating
As at 31 December 2018			
<u>Bank</u>			
Bank of China (Hong Kong) Limited	59,283,070	A-	Standard & Poor's
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	278,521,315	A-	Standard & Poor's
As at 31 December 2017			
<u>Bank</u>			
Bank of China (Hong Kong) Limited	21,544,300	A-	Standard & Poor's
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	397,315,333	A-	Standard & Poor's

The maximum credit risk exposure of the financial assets of Sub-Fund was equivalent to the carrying amount as shown in the statement of financial position.

##### (c) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in raising funds to meet commitments associated with financial assets and liabilities. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to cash redemptions of its redeemable units at the option of the unitholders. The Sub-Fund manages its obligation to redeem the units when required to do so and its overall liquidity risk by searching for new investors.

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

10 Financial risk and management objectives and policies (Continued)

(c) Liquidity risk (Continued)

Liquidity risk may also result from an inability to sell a financial asset quickly at an amount close to its fair value. However, the Sub-Fund invests primarily in marketable securities and other financial instruments, which under normal market conditions are readily convertible to cash.

**Financial liabilities**

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Sub-Fund can be required to pay.

**Financial assets**

Analysis of equity securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

The following table summarises the maturity profile of the Sub-Fund's financial liabilities. Balances due within three months equal their carrying amounts, as the impact of discounting is insignificant. The table also analyses the maturity profile of the Sub-Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

As at 31 December 2018

	On demand HK\$	Less than 3 months HK\$	Total HK\$
<b>Assets</b>			
Financial assets at fair value through profit or loss	278,521,315	-	278,521,315
Cash and cash equivalents	59,283,070	-	59,283,070
Other receivables	-	17,391,066	17,391,066
Total financial assets	<u>337,804,385</u>	<u>17,391,066</u>	<u>355,195,451</u>
<b>Liabilities</b>			
Other payables	-	4,551,267	4,551,267
Total financial liabilities	<u>-</u>	<u>4,551,267</u>	<u>4,551,267</u>



TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

10 Financial risk and management objectives and policies (Continued)

(c) Liquidity risk (Continued)

As at 31 December 2017

	On demand HK\$	Less than 3 months HK\$	Total HK\$
<u>Assets</u>			
Financial assets at fair value through profit or loss	397,315,333	-	397,315,333
Cash and cash equivalents	21,544,300	-	21,544,300
Other receivables	-	16,306,476	16,306,476
Total financial assets	418,859,633	16,306,476	435,166,109
<u>Liabilities</u>			
Other payables	-	18,166,247	18,166,247
Total financial liabilities	-	18,166,247	18,166,247

(d) Capital management

The Sub-Fund's objectives for managing capital are:

- To invest the capital in investments in order to achieve its investment objective;
- To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivatives and other advanced capital markets and by using various investment strategies and hedging techniques;
- To maintain sufficient liquidity to meet the expenses of the Sub-Fund, and to meet redemption requests as they arise; and
- To locate more investors.

(e) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as trading securities) is based on quoted market prices at the close of trading on the year end date. The Sub-Fund used the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

10 Financial risk and management objectives and policies (Continued)

(e) Fair value estimation (Continued)

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are not observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

As at 31 December 2018, all of the Sub-Fund's investments were Level 1. The Sub-Fund did not trade any Level 2 and 3 investments during the year.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value at 31 December 2018.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets measured at fair value through profit or loss:				
- Equity securities	<u>278,521,315</u>	<u>-</u>	<u>-</u>	<u>278,521,315</u>

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value at 31 December 2017.

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets measured at fair value through profit or loss:				
- Equity securities	<u>397,315,333</u>	<u>-</u>	<u>-</u>	<u>397,315,333</u>

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

10 Financial risk and management objectives and policies (Continued)

(e) Fair value estimation (Continued)

Valuation techniques

Equity securities

When fair values of publicly traded equity securities are based on quoted market prices, or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Sub-Fund values these investments at last trade price for long and short positions where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread management will determine the point within the bid-ask spread that is most representative of fair value.

During the year ended 31 December 2018 and 2017, there was no transfer of investment between levels.

11 Transactions with the Trustee and its affiliates and the Manager and its connected persons

Connected persons of the Manager are those as defined in the SFC Code. 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. To the best of Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for what is disclosed below.

(a) Investment transactions with connected persons of the Manager

	Aggregate value of purchases and sales of securities	Total commission paid	% of Sub-Fund's total transactions during the year	Average commission rate
	HK\$	HK\$	%	%
<u>2018</u>				
Taiping Securities (HK) Co Limited	400,925,644	395,215	9.72	0.10
<u>2017</u>				
Taiping Securities (HK) Co Limited	970,697,100	970,669	23.66	0.10

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Transactions with the Trustee and its affiliates and the Manager and its connected persons (Continued)

(b) Bank deposits and investments held by the Trustee

As at 31st December 2018, the Sub-Fund placed bank deposits amounted to HK\$59,283,070 (2017: HK\$21,544,300) and investments amounted HK\$278,521,315 (2017: HK\$397,315,333) with Bank of China (Hong Kong) Limited, a related company of the Trustee and Registrar. Refer to Note 7 and 5 respectively for further details.

(c) Interest income, bank charges and handling fee from/to the Trustee

The interest income received from and the bank charges paid to Bank of China (Hong Kong) Limited, an affiliate of the Trustee, amounted to HK\$9,295 and HK\$480 respectively for the year ended 31 December 2018. (2017: HK\$8,525 and HK\$735). The transaction handling fee charged by the BOCI-Prudential Trustee Limited for the year ended 31 December 2018 amounted to HK\$63,530 and the outstanding accrued fee amounted to HK\$2,700 as at 31 December 2018. (2017: HK\$58,400 and HK\$6,300)

(d) Holdings in the Sub-Fund

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 2018 and 2017 were as follows:

2018

Units held by Taiping Securities (HK) Co., Ltd, a connected person of Taiping Assets Management (HK) Company Limited, the Manager:

Class B Units:

	Units outstanding at 31 December 2017	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2018
Taiping Securities (HK) Co Limited	4,452,045	286,270	-	4,738,315

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

- 11 Transactions with the Trustee and its affiliates and the Manager and its connected persons (Continued)

(d) Holdings in the Sub-Fund (Continued)

2017

Units held by Taiping Securities (HK) Co., Ltd, a connected person of Taiping Assets Management (HK) Company Limited, the Manager:

<u>Class B Units:</u>	Units outstanding at 31 December 2016	Units subscribed during the year	Units redeemed during the year	Units outstanding at 31 December 2017
Taiping Securities (HK) Co Limited	4,571,657	3,123	(122,736)	4,452,045

(e) Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, at a rate of 1.5% per annum with respect to the net asset value of the Sub-Fund calculated and accrued on each valuation day and are paid monthly in arrears.

Total management fee for the year, including the outstanding accrued fees due to the Manager at end of the year, is as follows:

Management fee for the year	2018	2017
Accrued at end of the year	HK\$	HK\$
	6,043,483	6,256,698
	456,606	530,391

(f) Trustee and administration fee

The Trustee is entitled to receive a trustee and administration fee from the Sub-Fund, at a rate of 0.15% per annum on the first HKD250 million of the net asset value of the Sub-Fund calculated, 0.125% per annum on the next HKD250 million of the net asset value of the Sub-Fund calculated and 0.11% per annum on the remaining balance of the net asset value of the Sub-Fund calculated subject to a minimum monthly fee of HK\$40,000, and accrued on each valuation day and is paid monthly in arrears.

The Trustee is entitled to receive a transaction fee from the Sub-Fund, HKD90 per each security settlement and HKD200 per each mutual fund or unit trust settlement, and accrued on each valuation day and is paid monthly in arrears.

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

NOTES TO THE FINANCIAL STATEMENTS

11 Transactions the Trustee and its affiliates and the Manager and its connected persons (Continued)

(f) Trustee and administration fee (Continued)

Total trustee and administration fee for the year, including the outstanding accrued fees due to the Trustee at end of the year, is as follows:

	2018 HK\$	2017 HK\$
Trustee and administration fee for the year	566,124	583,559
Accrued at end of the year	43,359	49,507

(g) Expenses borne by the Manager

The Manager settled certain legal and professional fee on behalf of the Sub-Fund during the year with details as follows:

	2018 HK\$	2017 HK\$
Legal and professional fee	-	211,489

(h) Investments in related parties

The Sub-Fund had the following additions and disposals with related parties during the year:

	Number of shares
<u>Bank of China Hong Kong (Holdings) Limited</u>	
At 1 January 2017	-
Additions	600,000
Disposals	(600,000)
At 31 December 2017 and 1 January 2018	-
Additions	535,000
Disposals	(535,000)
At 31 December 2018	-

During the year ended 31 December 2018, disposals of Bank of China Hong Kong (Holdings) Limited resulted in a realized loss of HK\$1,167,627 (2017: realized gain of HK\$921,138).

## TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

### NOTES TO THE FINANCIAL STATEMENTS

#### 11 Transactions the Trustee and its affiliates and the Manager and its connected persons (Continued)

##### (h) Investments in related parties (continued)

<u>H shares of Bank of China Limited</u>	Number of shares
At 1 January 2017	-
Additions	15,192,000
Disposals	(15,192,000)
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At 31 December 2017 and 1 January 2018	-
Additions	5,023,000
Disposals	(5,023,000)
	<hr/>
At 31 December 2018	-
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During the year ended 31 December 2018, disposals of H shares of Bank of China Limited resulted in a realized loss of HK\$1,010,387 (2017: realized gain of HK\$828,028).

#### 12 **Distributions**

On 12 June 2018, the Sub-Fund declared a dividend of HK\$8.304 per unit, totaling HK\$36,971,248 (2017: nil), to the unitholders.

#### 13 **Soft commission arrangements**

The Manager may enter into soft commission with some brokers, under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers in consideration of transactions of the Sub-Fund directed to the brokers. These may include, for example, 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.

The Manager has not participated in any soft commission arrangements in respect of any transactions for the accounts of the Sub-Fund.

#### 14 **Approval of the financial statements**

The financial statements were approved and authorised for issued by the Trustee and the Manager on 26 April 2019.

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 December 2018

LISTED EQUITY SECURITIES

	Holdings	Fair value HK\$	% of Net Assets
<i>Hong Kong</i>			
AIA GROUP LTD	201,600	13,104,000	3.74%
ALIBABA PICTURES GROUP LTD	2,220,000	2,930,400	0.84%
CHINA ANIMAL HEALTHCARE LTD	3,568,000	-	0.00%
CHINA CONSTRUCTION BANK CORP-H	3,002,000	19,392,920	5.52%
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LTD	2,304,000	8,017,920	2.29%
CHINA MENGNIU DAIRY CO LTD	353,000	8,613,200	2.46%
CHINA MERCHANTS BANK CO LTD-H	706,000	20,262,200	5.77%
CHINA MOBILE LTD	61,000	4,596,350	1.31%
CHINA OVERSEAS LAND & INVESTMENT LTD	144,000	3,873,600	1.10%
CHINA PETROLEUM & CHEMICAL CORP-H	452,000	2,526,680	0.72%
CHINA POWER INTL DEVELOPMENT LTD	2,809,000	5,000,020	1.43%
CHINA SOUTHERN AIRLINES CO LTD-H	1,116,000	5,412,600	1.54%
CHINA VANKE CO LTD-H	460,400	12,246,640	3.49%
CHINAAMC CSI 300 INDEX ETF	290,400	10,236,600	2.92%
CITIC SECURITIES CO LTD-H	204,000	2,754,000	0.79%
CNOOC LTD	296,000	3,581,600	1.02%
COUNTRY GARDEN SERVICES HLDGS CO LTD	563,000	7,003,720	2.00%
CSOP FTSE CHINA A50 ETF-HKD	953,200	10,923,672	3.12%
GUANGZHOU AUTOMOBILE GROUP CO LTD-H	268,000	2,093,080	0.60%
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HLDGS CO LTD-H	40,000	1,122,000	0.32%
GUOTAI JUNAN INTL HLDGS LTD	3,357,000	4,229,820	1.21%
HSBC HLDGS PLC	153,600	9,953,280	2.84%
HUANENG POWER INTL INC-H	940,000	4,681,200	1.34%
NEW CHINA LIFE INSURANCE CO LTD-H	109,100	3,393,010	0.97%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	208,000	14,383,200	4.10%
SINO BIOPHARMACEUTICAL LTD	2,691,000	13,885,560	3.96%
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	136,600	9,507,360	2.71%
TENCENT HLDGS LTD	104,000	32,656,000	9.30%
WH GROUP LTD	638,000	3,847,140	1.10%
		<hr/>	
		240,227,772	68.51%



TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND  
 INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 December 2018 (Continued)

<u>LISTED EQUITY SECURITIES</u>	Holdings	Fair value HK\$	% of Net Assets
<i>United State of America</i>			
ALIBABA GROUP HLDG LTD-SPONSORED ADR	29,296	31,450,201	8.97%
TAL EDUCATION GROUP-ADR	32,737	6,840,650	1.95%
TENCENT MUSIC ENTERTAINMENT GROUP-ADR	26	2,692	0.00%
		<u>38,293,543</u>	<u>10.92%</u>
<b>Total investments, at fair value</b>		<u>278,521,315</u>	<u>79.43%</u>
<b>Total investments, at cost</b>		<u>331,942,781</u>	

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the year ended 31 December 2018

	At 1 January 2018	Movement in holdings		At 31 December 2018
		Additions	Disposals	
<u>LISTED EQUITY SECURITIES</u>				
AAC TECHNOLOGIES HLDGS INC	58,000	215,500	(273,500)	-
ADOBE INC	-	6,000	(6,000)	-
AIA GROUP LTD	232,600	507,400	(538,400)	201,600
ALIBABA GROUP HLDG LTD- SPONSORED ADR	18,000	42,496	(31,200)	29,296
ALIBABA PICTURES GROUP LTD	-	2,220,000	-	2,220,000
ALIGN TECHNOLOGY INC	-	3,300	(3,300)	-
ALPHABET INC-CL A	-	2,600	(2,600)	-
ALTRIA GROUP INC	18,000	-	(18,000)	-
ALUMINUM CORP OF CHINA LTD-H	-	896,000	(896,000)	-
AMAZON.COM INC	800	900	(1,700)	-
ANGANG STEEL CO LTD-H	-	766,000	(766,000)	-
ANHUI CONCH CEMENT CO LTD-H	-	175,000	(175,000)	-
ASM PACIFIC TECHNOLOGY LTD	-	166,800	(166,800)	-
AUTOHOME INC-ADR	-	13,000	(13,000)	-
AVICHINA INDUSTRY & TECHNOLOGY CO LTD-H	500,000	2,225,000	(2,725,000)	-
BAIDU INC-ADR	-	2,600	(2,600)	-
BANK OF CHINA LTD-H	-	5,023,000	(5,023,000)	-
BEIJING ENTERPRISES WATER GROUP LTD	-	626,000	(626,000)	-
BILIBILI INC-ADR	-	102,874	(102,874)	-
BOC HONG KONG (HLDGS) LTD	-	535,500	(535,500)	-
BRILLIANCE CHINA AUTOMOTIVE HLDGS LTD	-	570,000	(570,000)	-
BYD ELECTRONIC (INTL) CO LTD	-	421,500	(421,500)	-
CHINA AGRI-INDUSTRIES HLDGS LTD	-	673,000	(673,000)	-
CHINA ANIMAL HEALTHCARE LTD	3,568,000	-	-	3,568,000
CHINA COAL ENERGY CO LTD-H	-	1,767,000	(1,767,000)	-
CHINA COMMUNICATIONS CONSTRUCTION CO LTD-H	-	1,346,000	(1,346,000)	-
CHINA COMMUNICATIONS SERVICES CORP-H	-	1,288,000	(1,288,000)	-
CHINA CONSTRUCTION BANK CORP-H	4,475,000	2,876,000	(4,349,000)	3,002,000
CHINA EASTERN AIRLINES CORP LTD-H	-	398,000	(398,000)	-
CHINA MAPLE LEAF EDUCATIONAL SYSTEMS LTD	-	2,304,000	-	2,304,000
CHINA MENGNIU DAIRY CO LTD	-	881,000	(528,000)	353,000
CHINA MERCHANTS BANK CO LTD-H	383,000	1,322,000	(999,000)	706,000

**TAIPIING INVESTMENT FUND - TAIPIING GREATER CHINA NEW MOMENTUM EQUITY FUND**

**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**

For the year ended 31 December 2018 (Continued)

	Movement in holdings			At 31 December 2018
	At 1 January 2018	Additions	Disposals	
<u>LISTED EQUITY SECURITIES</u>				
CHINA MERCHANTS PORTS HLDGS CO LTD	-	112,000	(112,000)	-
CHINA MOBILE LTD	-	235,500	(174,500)	61,000
CHINA MOLYBDENUM CO LTD-H	972,000	1,932,000	(2,904,000)	-
CHINA OILFIELD SERVICES LTD-H	-	1,132,000	(1,132,000)	-
CHINA OVERSEAS LAND & INVESTMENT LTD	-	302,000	(158,000)	144,000
CHINA PETROLEUM & CHEMICAL CORP-H	-	6,326,000	(5,874,000)	452,000
CHINA POWER INTL DEVELOPMENT LTD	-	2,809,000	-	2,809,000
CHINA RAILWAY GROUP LTD-H	-	1,783,000	(1,783,000)	-
CHINA RESOURCES BEER HLDGS CO LTD	74,000	238,000	(312,000)	-
CHINA RESOURCES CEMENT HLDGS LTD	-	2,380,000	(2,380,000)	-
CHINA RESOURCES GAS GROUP LTD	-	238,000	(238,000)	-
CHINA RESOURCES POWER HLDGS CO	-	794,000	(794,000)	-
CHINA SHENHUA ENERGY CO LTD-H	-	610,500	(610,500)	-
CHINA SOUTHERN AIRLINES CO LTD-H	-	3,456,000	(2,340,000)	1,116,000
CHINA UNICOM (HONG KONG) LTD	36,000	530,000	(566,000)	-
CHINA VANKE CO LTD-H	-	460,400	-	460,400
CHINAAMC CSI 300 INDEX ETF	-	290,400	-	290,400
CHONGQING RURAL COMMERCIAL BANK CO LTD-H	-	331,000	(331,000)	-
CHOW TAI FOOK JEWELLERY GROUP LTD	-	725,600	(725,600)	-
CIFI HLDGS GROUP CO LTD	-	1,422,000	(1,422,000)	-
CITIC LTD	-	454,000	(454,000)	-
CITIC SECURITIES CO LTD-H	-	639,500	(435,500)	204,000
CLP HLDGS LTD	-	55,000	(55,000)	-
CNOOC LTD	-	1,724,000	(1,428,000)	296,000
COSCO SHIPPING ENERGY TRANSPORTATION CO LTD-H	-	510,000	(510,000)	-
COUNTRY GARDEN HLDGS CO LTD	375,000	1,551,000	(1,926,000)	-
COUNTRY GARDEN SERVICES HLDGS CO LTD	-	798,000	(235,000)	563,000
CRRC CORP LTD-H	-	1,837,000	(1,837,000)	-
CSOP FTSE CHINA A50 ETF-HKD	-	953,200	-	953,200

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the year ended 31 December 2018 (Continued)

	Movement in holdings			At 31 December 2018
	At 1 January 2018	Additions	Disposals	
<u>LISTED EQUITY SECURITIES</u>				
CSPC PHARMACEUTICAL GROUP LTD	-	2,082,000	(2,082,000)	-
CSSC OFFSHORE AND MARINE ENGINEERING GROUP CO LTD-H	470,000	-	(470,000)	-
DAIFUKU CO LTD	9,300	29,800	(39,100)	-
DOMINO'S PIZZA INC	-	5,300	(5,300)	-
FACEBOOK INC-CL A	-	8,300	(8,300)	-
FANCL CORP	-	125,100	(125,100)	-
GEELY AUTOMOBILE HLDGS LTD	178,000	283,000	(461,000)	-
GF SECURITIES CO LTD-H	-	263,200	(263,200)	-
GILEAD SCIENCES INC	8,000	-	(8,000)	-
GUANGDONG INVESTMENT LTD	-	1,264,000	(1,264,000)	-
GUANGZHOU AUTOMOBILE GROUP CO LTD-H	-	792,000	(524,000)	268,000
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HLDGS CO LTD-H	-	290,000	(250,000)	40,000
GUOTAI JUNAN INTL HLDGS LTD	-	3,357,000	-	3,357,000
HANG SENG BANK LTD	-	37,700	(37,700)	-
HENGAN INTL GROUP CO LTD	-	29,500	(29,500)	-
HKT TRUST AND HKT LTD	873,000	573,000	(1,446,000)	-
HONG KONG & CHINA GAS CO LTD	-	266,000	(266,000)	-
HONG KONG EXCHANGES & CLEARING LTD	37,800	18,000	(55,800)	-
HSBC HLDGS PLC	-	153,600	-	153,600
HUABAO INTL HLDGS LTD	-	1,230,000	(1,230,000)	-
HUANENG POWER INTL INC-H	-	2,088,000	(1,148,000)	940,000
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	-	6,722,000	(6,722,000)	-
INTUITIVE SURGICAL INC	1,800	1,500	(3,300)	-
JD.COM INC-ADR	18,000	-	(18,000)	-
JPMORGAN CHASE & CO	10,800	13,800	(24,600)	-
KERRY PROPERTIES LTD	-	346,000	(346,000)	-
KEYENCE CORP	3,300	2,300	(5,600)	-
KINGDEE INTL SOFTWARE GROUP CO LTD	-	3,786,000	(3,786,000)	-
KINGSOFT CORP LTD	-	221,000	(221,000)	-
KOKUSAI S&P500 VIX SHORT-TERM FUTURES INDEX ETF	-	7,100	(7,100)	-
KYORITSU MAINTENANCE CO LTD	-	61,500	(61,500)	-
LI NING CO LTD	-	1,028,000	(1,028,000)	-
LIFESTYLE INTL HLDGS LTD	-	525,000	(525,000)	-

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the year ended 31 December 2018 (Continued)

	Movement in holdings			At 31 December 2018
	At 1 January 2018	Additions	Disposals	
<u>LISTED EQUITY SECURITIES</u>				
LINK REAL ESTATE INVESTMENT TRUST	130,000	158,000	(288,000)	-
MICROSOFT CORP	11,800	17,000	(28,800)	-
NETEASE INC-ADR	1,800	-	(1,800)	-
NETFLIX INC	-	2,800	(2,800)	-
NEW CHINA LIFE INSURANCE CO LTD-H	237,800	574,800	(703,500)	109,100
NEW ORIENTAL EDUCATION & TECHNOLOGY-ADR	3,300	5,500	(8,800)	-
NIDEC CORP	5,800	-	(5,800)	-
NINE DRAGONS PAPER HLDGS LTD	-	627,000	(627,000)	-
NINTENDO CO LTD	6,800	12,300	(19,100)	-
NORTHROP GRUMMAN CORP	4,000	-	(4,000)	-
NVIDIA CORP	-	3,000	(3,000)	-
PETROCHINA CO LTD-H	1,706,000	906,000	(2,612,000)	-
PICC PROPERTY & CASUALTY CO LTD-H	-	428,000	(428,000)	-
PING AN INSURANCE GROUP CO OF CHINA LTD-H	258,500	420,000	(470,500)	208,000
SA SA INTL HLDGS LTD	-	1,572,000	(1,572,000)	-
SANDS CHINA LTD	221,600	527,600	(749,200)	-
SHANGHAI PHARMACEUTICALS HLDG CO LTD-H	-	613,600	(613,600)	-
SHENZHOU INTL GROUP HLDGS LTD	-	375,000	(375,000)	-
SHIMAO PROPERTY HLDGS LTD	-	627,000	(627,000)	-
SINO BIOPHARMACEUTICAL LTD	-	4,211,000	(1,520,000)	2,691,000
SINOPEC OILFIELD SERVICE CORP -H	-	2,388,000	(2,388,000)	-
SINOTRANS LTD-H	791,000	-	(791,000)	-
SINOTRANS SHIPPING LTD	-	2,583,000	(2,583,000)	-
SJM HLDGS LTD	-	624,000	(624,000)	-
SONY CORP	-	11,800	(11,800)	-
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	88,000	492,900	(444,300)	136,600
TAL EDUCATION GROUP-ADR	-	32,737	-	32,737
TDK CORP	13,600	7,000	(20,600)	-
TECHTRONIC INDUSTRIES CO LTD	111,500	-	(111,500)	-
TENCENT HLDGS LTD	101,800	156,100	(153,900)	104,000
TENCENT MUSIC ENTERTAINMENT GROUP-ADR	-	26	-	26
TERUMO CORP	-	50,000	(50,000)	-
TINGYI (CAYMAN ISLANDS) HLDG CORP	-	490,000	(490,000)	-

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the year ended 31 December 2018 (Continued)

	At 1 January 2018	Movement in holdings		At 31 December 2018
		Additions	Disposals	
<u>LISTED EQUITY SECURITIES</u>				
UNI-PRESIDENT CHINA HLDGS LTD	-	1,028,000	(1,028,000)	-
V TECHNOLOGY CO LTD	-	8,100	(8,100)	-
VIPSHOP HLDGS LTD-ADS	-	43,000	(43,000)	-
VISA INC - A	-	13,300	(13,300)	-
WEIBO CORP-SPONSORED ADR	-	2,300	(2,300)	-
WEICHAI POWER CO LTD-H	-	1,160,000	(1,160,000)	-
WH GROUP LTD	-	638,000	-	638,000
WUXI BIOLOGICS CAYMAN INC	-	57,000	(57,000)	-
WYNN MACAU LTD	-	353,600	(353,600)	-
XIAOMI CORP-CLASS B SHARE	-	228,800	(228,800)	-
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LTD CO-H	-	131,500	(131,500)	-
YANZHOU COAL MINING CO LTD-H	-	1,398,000	(1,398,000)	-
YUEXIU REAL ESTATE INVESTMENT TRUST	1,663,000	744,000	(2,407,000)	-
YY INC-ADR	8,800	4,500	(13,300)	-
ZHUSHOU CRRC TIMES ELECTRIC CO LTD-H	121,300	235,000	(356,300)	-
ZIJIN MINING GROUP CO LTD-H	-	1,168,000	(1,168,000)	-
ZTE CORP-H	-	1,184,600	(1,184,600)	-

TAIPING INVESTMENT FUND - TAIPING GREATER CHINA NEW MOMENTUM EQUITY FUND

PERFORMANCE TABLE (UNAUDITED)

As at 31 December 2018

<u>Net Asset Value</u>	Total net asset value HK\$	Net asset value per Class A Units HK\$	Net asset value per Class B Units HK\$
Year			
As at 31 December 2018	350,644,184	-	74.00
As at 31 December 2017	416,999,862	-	93.66
As at 31 December 2016	511,963,354	-	83.10

Highest and lowest net asset value per unit

Financial year	Class A Units		Class B Units	
	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$	Highest net asset value per unit HK\$	Lowest net asset value per unit HK\$
Year ended 31 December 2018	-	-	105.50	72.60
Year ended 31 December 2017	-	-	100.32	82.81
Year ended 31 December 2016	-	-	89.51	77.52
Year ended 31 December 2015	-	-	127.22	88.24
Year ended 31 December 2014	98.64*	79.72*	104.85	99.44
Year ended 31 December 2013	94.51	75.25	-	-
Year ended 31 December 2012	101.47	82.20	-	-
Year ended 31 December 2011	119.38	80.23	-	-
Year ended 31 December 2010	122.57	95.59	-	-
Period ended 31 December 2009 (since inception)	127.45	99.61	-	-

\*All Class A units have been converted to Class B units by unitholders by 24 December 2014.

