



Tracker Fund of Hong Kong

Stock Code: 2800/82800
Website: www.trahk.com.hk

ANNUAL REPORT 2025

1st January 2025 to 31st December 2025



恒生投資
HANG SENG INVESTMENT

Issued by Hang Seng Investment Management Limited
(A wholly-owned subsidiary of Hang Seng Bank)

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Note: All figures marked "-" in this Financial Statement, including the Notes to Financial Statements, represent 0 (zero) in value or amount.

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager of Tracker Fund of Hong Kong (the "Fund") is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed relating to the Fund originally made on 23rd October 1999, as amended and restated by a First Amended and Restated Deed dated 24th December 2019, a Second Amended and Restated Deed dated 19th September 2022, a Third Amended and Restated Deed dated 23rd September 2024 and Fourth Amended and Restated Deed dated 8th October 2025 (as the same is amended and supplemented from time to time, the "Trust Deed") and Deed of Retirement and Appointment of Trustee dated 8th October 2025, to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Fund at the end of that year and of the transactions for the year then ended. In respect of these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare or arrange for the preparation of the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's responsibilities

The Trustee of the Fund is required to:

- take reasonable care to ensure that the Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that accounting and other related records have been maintained;
- safeguard the assets of the Fund; and
- report to the Unitholders for each annual accounting year on the conduct of the Manager in the management of the Fund.

REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF TRACKER FUND OF HONG KONG

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed for the year ended 31st December 2025.

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

(authorized signature(s))
17th April 2026

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Tracker Fund of Hong Kong

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Tracker Fund of Hong Kong ("the Fund") set out on pages 10 to 40, which comprise the statement of net assets as at 31st December 2025, the statement of comprehensive income, the statement of changes in net assets attributable to unitholders of redeemable units and statement of cash flows for the year then ended and notes to the financial statements, comprising a summary of material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31st December 2025 and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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 ("HKSA") as 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 are independent of the Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), as applicable to audits of financial statements of public interest entities. We have also 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.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Tracker Fund of Hong Kong (Continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Existence and valuation of investments

Refer to note 13 to the financial statements and the accounting policies in note 2(c) on page 16.

The Key Audit Matter	How the matter was addressed in our audit
<p>As at 31st December 2025, the investment portfolio represented 99.61% of total assets and is the key driver of the Fund's investment return.</p> <p>We identified the existence and valuation of investments as a key audit matter because of its significance in the context of the Fund's financial statements and because the value of the investment portfolio at the year end date is a key performance indicator of the Fund.</p>	<p>Our audit procedures to assess the existence and valuation of investments included the following:</p> <ul style="list-style-type: none"> developing an understanding of the control objectives and related controls relevant to our audit of the Fund by obtaining the service organisation internal control report provided by the trustee setting out the controls in place, and the independent service auditor's assurance report over the design and operating effectiveness of those controls; and evaluating the tests undertaken by the independent service organisation auditor, the results of tests undertaken and opinions formed by the independent service organisation auditor on the design and operating effectiveness of the controls, to the extent relevant to our audit of the Fund; and

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Tracker Fund of Hong Kong (Continued)

Key Audit Matters (Continued)

The Key Audit Matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> • reconciling the movement of the investment cost from the beginning of the year to the year end, agreeing the additions and disposals of investments to relevant documentation and recalculating the realised gains or losses on a sample basis; and • obtaining an independent confirmation from the custodian of the investment portfolio held at 31st December 2025, and agreeing the Fund's holdings of investments to the confirmation; and • assessing the valuations of all assets in the investment portfolio at the year end date by comparing the prices adopted by the Fund with the prices obtained from independent pricing sources.

Information Other than the Financial Statements and Auditor's Report Thereon

The Manager of the Fund is responsible for the other information, except the report of the Trustee to Unitholders of Tracker Fund of Hong Kong, which the Trustee of the Fund is responsible to issue. 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 Tracker Fund of Hong Kong (Continued)

Responsibilities of the Manager for the Financial Statements

The Manager of the Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA, and for such internal control as the Manager 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 Manager of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Manager of the Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed relating to the Fund originally made on 23rd October 1999, as amended and restated by a First Amended and Restated Deed dated 24th December 2019, a Second Amended and Restated Deed dated 19th September 2022, a Third Amended and Restated Deed dated 23rd September 2024 and Fourth Amended and Restated Deed dated 8th October 2025 (as the same is amended and supplemented from time to time, the "Trust Deed") and Deed of Retirement and Appointment of Trustee dated 8th October 2025, and the relevant disclosure provisions of 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. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant 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 HKSA's, 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

To the Unitholders of Tracker Fund of Hong Kong (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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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

We communicate with the Manager 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.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Tracker Fund of Hong Kong (Continued)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yiu Tsz Yeung, Arion (practising certificate number: P06098).

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
17th April 2026

STATEMENT OF NET ASSETS

AS AT 31ST DECEMBER 2025

	Notes	31.12.2025 HK\$	31.12.2024 HK\$
Assets			
Current assets			
Investments	13(b), (h)	135,988,481,181	138,387,232,998
Dividend receivable		332,977,425	–
Amounts receivable on creation of units		4,145,568	3,659,860
Other receivable		180,001	150,000
Bank balances	7(f), 13(d)	232,036,179	407,170,052
Total assets		<u>136,557,820,354</u>	<u>138,798,212,910</u>
Liabilities			
Current liabilities			
Management fee payable	7(d)	6,964,240	7,496,137
Trustee fee payable	7(e)	6,964,240	7,496,137
Index license fee payable	7(i)	5,326,652	5,441,291
Registrar fee payable		161,245	326,055
Amounts payable on redemption of units		11,837,642	6,878,678
Other accounts payable and accruals		7,784,345	9,423,922
Liabilities (excluding net assets attributable to unitholders of redeemable units)		<u>39,038,364</u>	<u>37,062,220</u>
Net assets attributable to unitholders of redeemable units	5	<u>136,518,781,990</u>	<u>138,761,150,690</u>

For and on behalf of
Hang Seng Investment Management Limited,
The Manager

(authorized signature(s))
17th April 2026

The notes on pages 14 to 40 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST DECEMBER 2025

	Notes	For the year ended 31.12.2025 HK\$	For the year ended 31.12.2024 HK\$
Income			
Dividend income		5,299,111,288	5,721,785,241
Bank interest income	4(c)	32,817,796	66,399,607
Net transaction fee income	4(a)	3,330,000	3,234,000
Other income	4(b)	2,858,932	2,967,486
Net gain on investments	3	35,887,847,230	23,360,436,527
Total investment income		<u>41,225,965,246</u>	<u>29,154,822,861</u>
Expenses			
Management fee	7(d)	29,611,659	28,962,505
Trustee fee	7(e)	29,611,659	28,962,505
Index license fee	7(i)	21,551,732	19,698,616
Transaction costs on investments	8	42,315,027	22,212,184
Registrar fee		1,965,487	1,883,712
Publication and printing expenses		2,065,533	3,215,499
Audit fee		371,500	508,700
Bank charges		866,896	1,179,037
Legal and other professional fees		311,837	120,000
Other operating expenses		2,696,141	4,615,447
Total operating expenses		<u>131,367,471</u>	<u>111,358,205</u>
Operating profit		41,094,597,775	29,043,464,656
Finance costs			
Distributions to unitholders of redeemable units	15	(4,314,304,225)	(5,563,134,225)
Profit after distributions and before tax		36,780,293,550	23,480,330,431
Withholding tax	6	(268,749,650)	(259,824,787)
Increase in net assets attributable to unitholders of redeemable units from operations		<u>36,511,543,900</u>	<u>23,220,505,644</u>

The notes on pages 14 to 40 form part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS OF REDEEMABLE UNITS

FOR THE YEAR ENDED 31ST DECEMBER 2025

		For the year ended 31.12.2025	For the year ended 31.12.2025	For the year ended 31.12.2024	For the year ended 31.12.2024
	Notes	Units	HK\$	Units	HK\$
Net assets attributable to unitholders redeemable units at 1st January		<u>6,866,992,500</u>	<u>138,761,150,690</u>	<u>7,519,992,500</u>	<u>129,368,536,957</u>
Issue of units					
– In-kind	5, 10	15,640,000,000	374,120,974,261	14,347,000,000	263,057,041,001
– Cash component	10	<u>–</u>	<u>3,709,884,739</u>	<u>–</u>	<u>3,895,333,088</u>
		<u>15,640,000,000</u>	<u>377,830,859,000</u>	<u>14,347,000,000</u>	<u>266,952,374,089</u>
Redemption of units					
– In-kind	5, 10	(17,225,000,000)	(412,391,307,034)	(15,000,000,000)	(276,896,766,376)
– Cash component	10	<u>–</u>	<u>(4,193,464,566)</u>	<u>–</u>	<u>(3,883,499,624)</u>
		<u>(17,225,000,000)</u>	<u>(416,584,771,600)</u>	<u>(15,000,000,000)</u>	<u>(280,780,266,000)</u>
Net redemption of units		<u>(1,585,000,000)</u>	<u>(38,753,912,600)</u>	<u>(653,000,000)</u>	<u>(13,827,891,911)</u>
Increase in net assets attributable to unitholders of redeemable units from operations		<u>–</u>	<u>36,511,543,900</u>	<u>–</u>	<u>23,220,505,644</u>
Net assets attributable to unitholders of redeemable units at 31st December		<u><u>5,281,992,500</u></u>	<u><u>136,518,781,990</u></u>	<u><u>6,866,992,500</u></u>	<u><u>138,761,150,690</u></u>

The notes on pages 14 to 40 form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2025

	Notes	For the year ended 31.12.2025 HK\$	For the year ended 31.12.2024 HK\$
Cash flows from operating activities			
Proceeds from sale of investments		18,264,066,115	9,303,960,293
Payments for purchase of investments		(18,238,660,822)	(9,343,743,165)
Dividends received		4,688,245,195	5,579,086,921
Bank interest received		32,817,796	66,399,883
Transaction fee received		16,559,999	16,065,000
Other income received		14,031	–
Management fee paid		(30,143,556)	(28,059,230)
Trustee fee paid		(30,143,556)	(28,059,230)
Index license fee paid		(21,666,371)	(23,736,253)
Registrar fee paid		(2,130,297)	(1,737,006)
Publication and printing expenses paid		(1,796,731)	(2,708,623)
Transaction costs on investments paid		(42,315,027)	(22,212,184)
Conversion agent fee paid		(13,416,000)	(12,900,000)
Bank charges paid		(866,896)	(1,179,037)
Legal and other professional fees paid		(311,837)	(239,000)
Other operating expenses paid		(4,820,021)	(4,043,899)
Net cash generated from operating activities		<u>4,615,432,022</u>	<u>5,496,894,470</u>
Cash flows from financing activities			
Cash component received on issue of units	10	3,709,399,031	3,897,398,163
Cash component paid on redemption of units	10	(4,188,505,602)	(3,881,484,419)
Interim distribution paid	4(b), 15	(1,341,228,819)	(1,118,113,685)
Final distribution paid	4(b), 15	(2,970,230,505)	(4,442,053,054)
Net cash used in financing activities		<u>(4,790,565,895)</u>	<u>(5,544,252,995)</u>
Net decrease in cash and cash equivalents		(175,133,873)	(47,358,525)
Cash and cash equivalents at the beginning of the year		<u>407,170,052</u>	<u>454,528,577</u>
Cash and cash equivalents at the end of the year		<u>232,036,179</u>	<u>407,170,052</u>
Analysis of balances of cash and cash equivalents:			
Bank balances	7(f)	<u>232,036,179</u>	<u>407,170,052</u>

Please refer to note 10 for details of major non-cash transactions.

The notes on pages 14 to 40 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General Information

Tracker Fund of Hong Kong (the “Fund”) is a unit trust which is governed by its Trust Deed relating to the Fund originally made on 23rd October 1999, as amended and restated by a First Amended and Restated Deed dated 24th December 2019, a Second Amended and Restated Deed dated 19th September 2022, a Third Amended and Restated Deed dated 23rd September 2024 and Fourth Amended and Restated Deed dated 8th October 2025 (as the same is amended and supplemented from time to time, the “Trust Deed”) and Deed of Retirement and Appointment of Trustee dated 8th October 2025. The Fund is authorized by the Securities and Futures Commission of Hong Kong under Section 104(1) of the Hong Kong Securities and Futures Ordinance. The Fund is also listed on The Stock Exchange of Hong Kong Limited (a subsidiary of the Hong Kong Exchanges and Clearing Limited).

The manager of the Fund is Hang Seng Investment Management Limited (the “Manager”).

Up to 7th October 2025, the trustee of the Fund was State Street Bank and Trust Company (the “Former Trustee”). On 7th August 2025 and 15th September 2025, the Manager issued a notice to inform the unitholders of the Fund that State Street Bank and Trust Company has decided to retire as the trustee of the Fund and HSBC Institutional Trust Services (Asia) Limited is appointed as the new trustee of the Fund in accordance with the applicable provision in the Trust Deed of the Fund, subject to regulatory approval. The transition to the new trustee was completed on 8th October 2025, following regulatory approvals and satisfaction of certain conditions in the Trust Deed. With effect from 8th October 2025, HSBC Institutional Trust Services (Asia) Limited became the trustee of the Fund (the “Trustee”).

The Fund’s objective is to provide investment results that closely correspond to the performance of the Hang Seng Index (the “Index”).

2 Summary of material 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

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the Manager to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders of redeemable units unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Summary of material accounting policies (Continued)

(a) Basis of preparation (Continued)

Standards and amendments to existing standards effective 1st January 2025

The Fund has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on the financial statement as the Fund has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

New standards, amendments and interpretations effective after 1st January 2025 and have not been early adopted

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31st December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Fund:

- Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Contracts referencing nature-dependent electricity*
- Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*
- Annual improvements to HKFRS Accounting Standards – Volume 11
- HKFRS 18, *Presentation and disclosure in financial statements*
- HKFRS 19, *Subsidiaries without public accountability: disclosures*

The Fund is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the financial statements except for the following:

HKFRS 18, *Presentation and disclosure in financial statements*

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1st January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, the Fund is required to classify all income and expenses into five categories in the Statement of Comprehensive Income, namely the operating, investing, financing, income taxes and discontinued operations categories.

The Fund is also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements. The Fund does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Summary of material accounting policies (Continued)

(b) Investments

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

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

Purchases and sales of investments are accounted for on the trade date basis – the date on which the Fund commits to purchase or sell the investments. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realized and unrealized gains and losses on investments are included in the Statement of Comprehensive Income in the period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership. Transaction costs on investments are related to broker commission fee and local tax.

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

The realised gain from financial instruments at FVTPL represents the difference between the transaction price when it was purchased and the consideration received on disposal.

(c) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Summary of material accounting policies (Continued)

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Statement of Net Assets where the Fund currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(e) Classification of financial instruments

On initial recognition, the Fund classifies financial assets as measured at amortised cost or fair value through profit or loss ("FVTPL").

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets 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 ("SPPI").

All other financial assets of the fund is measured at FVTPL.

Business model assessment

In making an assessment of the objective of the business model in which a financial asset is held, the Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Summary of material accounting policies (Continued)

(e) Classification of financial instruments (Continued)

Business model assessment (Continued)

- how the Manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior years, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

The Fund has determined that it has two business models.

- Held-to-collect business model: this includes dividend receivable, amounts receivable on creation of units, bank balances and other receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes debt securities, equity instruments and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

Assessment whether contractual cash flows are SPPI

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular year of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are SPPI, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration for the time value of money (e.g. periodic reset of interest rates).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Summary of material accounting policies (Continued)

(e) Classification of financial instruments (Continued)

The Fund classifies its investments based on the business model and contractual cash flows assessment. Accordingly, The Fund classifies all its investments into financial assets and liabilities at FVTPL category. Financial assets measured at amortised cost include dividend receivable, amounts receivable on creation of units, bank balances and other receivables. Financial liabilities measured at amortised cost include management fee payable, trustee fee payable, index license fee payable, registrar fee payable, amounts payable on redemption of units and other accounts payable and accruals.

(f) Due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled on the Statement of Net Assets date respectively.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition.

The Fund will also assess whether the amount due from brokers are credit-impaired. It is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- i) significant financial difficulties of the brokers;
- ii) default in payments; or
- iii) probability that the broker will enter bankruptcy or financial reorganisation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Summary of material accounting policies (Continued)

(g) Income

Dividend income on equity securities is recorded on the ex-dividend date. Dividend income on equity securities where no ex-dividend date is quoted is accounted for when the Fund's right to receive payment is established unconditionally.

Interest income on bank deposit and from bank balances is recognised on a time-proportionate basis using the effective interest method.

Transaction fee income and other income are accounted for in the Statement of Comprehensive Income when the performance obligation is satisfied. Refer to Note 4.

(h) Expenses

Expenses are accounted for in the Statement of Comprehensive Income on an accrual basis.

(i) Distributions payable to unitholders of redeemable units

Proposed distributions to unitholders of redeemable units are recognised in the Statement of Comprehensive Income when they are appropriately authorised and no longer at the discretion of the Fund. The distribution to unitholders is recognised in the Statement of Comprehensive Income as finance costs with the corresponding liability into distribution payable.

On or before each distribution date, the amount of cash required to effect the distribution ("distributable cash") is transferred to the Distribution Account established by the Trustee in accordance with the Trust Deed. The distribution payable to unitholders of redeemable units ("distribution payable") and the distributable cash are both derecognised upon the transfer of the distributable cash to the Distribution Account. On and from such time, the distributable cash is held by the Trustee in a separate fixed trust for the benefit of the respective unitholders. Interest income arising from the cash in the Distribution Account is credited back to the Fund in accordance with the Trust Deed. Refer to notes 4(c) and 2(g).

In formulating the accounting treatment on the timing for when the distribution payable and the distributable cash should be derecognised, the Manager considers several factors including, the Trust Deed, when the Fund legally discharges its obligation to pay the unitholders and when the Fund transfers substantially all risks and rewards of ownership of the distributable cash. Refer to note 15.

(j) Cash component

Cash component represents the amount included in the issue price or redemption proceeds (as the case may be) of the units issued or redeemed, representing the difference between the net asset value per Creation Unit as calculated by the Manager as of that date and the value of the Index Basket (as defined in the prospectus of the Fund and based on the nominal closing price as of that date), including the dividend equivalent amount per Creation Unit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Summary of material accounting policies (Continued)

(k) Cash and cash equivalents

Cash and cash equivalents include bank balances, demand deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(l) Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates (the “functional currency”). The performance of the Fund is measured and reported to the unitholders of redeemable units in Hong Kong dollar. The Manager considers the 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 Fund’s functional and presentation currency.

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 monetary assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses arising from translation are included in the Statement of Comprehensive Income.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the Statement of Comprehensive Income within “net loss on investments”.

(m) Redeemable units

The Fund issues redeemable units, which are redeemable at the unitholder’s option and represent puttable financial instruments of the Fund. The Fund classifies its puttable financial instruments as financial liabilities in accordance with HKAS 32 (Amendment), “Financial instruments: Presentation” as those puttable financial instruments do not meet one or more of the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated shares in issue and share features are identical;
- apart from the contractual obligation to redeem the units, the instrument does not include any contractual obligations to deliver cash or another financial asset to another entity;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Summary of material accounting policies (Continued)

(m) Redeemable units (Continued)

- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Fund; and
- there are no other financial instrument contracts that have total cash flows based substantially on the profit or loss, the change in recognised net assets of the Fund and has the effect of substantially restricting or fixing the residual return to the puttable instrument holders.

Redeemable unitholder can exercise the right to put the unit back to the Fund and can only be redeemed in-kind equal to a proportionate share of the Fund's net asset value. In accordance with the Trust Deed, the minimum redemption units are 1,000,000 units.

Redeemable units are issued and redeemed at the unitholder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to the unitholders of redeemable units with the total number of outstanding redeemable units. In accordance with the provisions of the Trust Deed, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and redemptions.

(n) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Manager, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

3 Net gain on investments

	For the year ended 31.12.2025 HK\$	For the year ended 31.12.2024 HK\$
Change in unrealized (loss)/gain on investments	(4,217,440,554)	12,921,390,460
Realized gain on sale of investments	40,105,287,784	10,439,046,067
	<u>35,887,847,230</u>	<u>23,360,436,527</u>

4 Income

(a) Net transaction fee income

Applications to create or redeem units are only made through brokers or dealers (who itself or its agent is a participant in Central Clearing and Settlement System ("CCASS") and to whose or whose agent's account any units are for the time being credited by Hong Kong Securities Clearing Company ("HKSCC")) (the "Participating Dealers") which have executed participation agreements with the Manager, the Trustee, HK Conversion Agency Services Limited (the "Conversion Agent") and HKSCC.

The Fund is entitled to retain the net transaction fee arising from creation and redemption orders made by Participating Dealers and processed by the Conversion Agent.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Income (Continued)

(b) Other income

Other income represents registrar charges levied on unitholders (other than HKSCC Nominees) who hold units registered in their own names as at each record date for the relevant distribution. Currently, these charges amount to the lower of HK\$40 per distribution per unitholder and the unitholder's actual distribution entitlement. Such charges are deducted on a half-yearly basis from the half-yearly distributions payable to the relevant unitholders.

(c) Bank interest income

Under the terms of the Trust Deed, interest income that is earned in the Distribution Account is transferred to the Fund on an annual basis. During the year ended 31st December 2025, the Fund received interest income of HK\$2,004,273 (2024: HK\$3,057,451) from the Distribution Account.

5 Number of units in issue and net assets attributable to unitholders of redeemable units

The Fund's capital is represented by the net assets attributable to unitholders of redeemable units. Units are issued through an in-kind creation of an Index Basket with the remaining balances in cash, and are redeemed in-kind with the remaining balances in cash. Creations and redemptions of units during the year are shown on the Statement of Changes in Net Assets Attributable to Unitholders of Redeemable Units.

In accordance with the provisions of the Trust Deed, listed investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for creations and redemptions and for various fee calculations.

Net assets attributable to unitholders of redeemable units at last traded market prices represent a liability in the Statement of Net Assets, carried at the redemption amount that would be payable at the year end date if the unitholders exercised the right to redeem the units in the Fund.

	For the year ended 31.12.2025 <i>Number of units</i>	For the year ended 31.12.2024 <i>Number of units</i>
Units in issue at the beginning of the year	6,866,992,500	7,519,992,500
Issue of units	15,640,000,000	14,347,000,000
Redemptions of units	(17,225,000,000)	(15,000,000,000)
Units in issue at the end of the year	<u>5,281,992,500</u>	<u>6,866,992,500</u>
	<i>HK\$</i>	<i>HK\$</i>
Net assets attributable to unitholders of redeemable units	<u>136,518,781,990</u>	<u>138,761,150,690</u>
Net assets attributable to unitholders of redeemable units (per unit)	<u>25.85</u>	<u>20.21</u>
Net asset value per Creation Unit (1 Creation Unit is equivalent to 1,000,000 units)	<u>25,846,076</u>	<u>20,206,976</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Taxation

No provision for Hong Kong profits tax has been made as the Fund was authorized as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

The Fund has investments in shares of companies in People's Republic of China ("PRC") listed on the Hong Kong Stock Exchange ("H-shares") and stocks that are based in mainland China and controlled, either directly or indirectly, by the central, provincial or municipal governments of the PRC but listed in Hong Kong to allow overseas investment ("Red Chips"). Under general taxing provisions of the Corporate Income Tax Law ("CIT Law"), a fund could be technically subject to 10% withholding income tax ("WIT") on the PRC sourced capital gains, unless exempt or reduced under relevant double tax treaties. However, there may be practical difficulty for the PRC tax authorities to impose and collect WIT on such capital gains. The 10% WIT has not been strictly enforced by local tax bureau on capital gains derived by non-tax resident enterprises of the PRC from the trading of H-Shares and Red Chips. Where capital gains are derived from trading of H-Shares and Red Chips, value added tax ("VAT") in general is not imposed as the purchase and disposal are often concluded and completed outside the PRC.

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

WIT of 10% was charged on dividend income received from H-shares and Red Chips (which had applied to be treated as PRC tax resident enterprises) during the years ended 31st December 2025 and 2024.

7 Transactions with the related parties, Manager, Trustee and their Connected Persons

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Related parties of the Fund also include the Manager, investment delegate, Trustee/custodian and their Connected Persons. Connected Persons are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the year between the Fund and its related parties were entered into in the ordinary course of business and on normal commercial terms. To the best of the Manager's and the Trustee's knowledge, the Fund did not have any other transactions with the Manager, its related parties and Connected Persons, or the Trustee, its related parties and Connected Persons except for those disclosed below.

(a) Manager's holding in the Fund

The Manager, and its directors and officers, may transact in the units of the Fund as principal. As at 31st December 2025, the Manager, and its directors and officers together held 90,500 units in the Fund (2024: 67,500 units).

(b) Group companies of the Manager's holding in the Fund

The group companies of the Manager, being Connected Persons to the Manager, may transact in the units of the Fund as principal. As at 31st December 2025, the group companies of the Manager together held 70,692,350 units in the Fund (2024: 177,389,104 units).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Transactions with the related parties, Manager, Trustee and their Connected Persons (Continued)

(c) Trustee's holding in the Fund

The Trustee, and its directors and officers and Connected Persons may transact in the units of the Fund as principal. As at 31st December 2025, the Trustee, and its related parties and Connected Persons together did not hold any unit in the Fund (Former Trustee as at 31st December 2024: 17,320 units).

(d) Management fee

The fee payable to the Manager is calculated at the following annual rates of the net asset value of the Fund on the last dealing day in the relevant quarter:

For the first HK\$15 billion of the net asset value	0.045%
For the next HK\$15 billion of the net asset value	0.030%
For the next HK\$15 billion of the net asset value	0.020%
Any amount by which the net asset value exceeds HK\$45 billion	0.015%

Effective from 19th September 2025, the effective management fee will be subject to a cap of 0.019% per annum ("Cap"), so that the tiered fee as set out above will be compared to the Cap and the lower will apply. The applicable management fee may be lower than the Cap, depending on the Net Asset Value of the Fund at the relevant time.

The management fee is accrued daily and payable quarterly in arrears.

Management fee paid to the Manager during the year amounted to HK\$29,611,659 (2024: HK\$28,962,505). Management fee payable to the Manager as at 31st December 2025 was HK\$6,964,240 (2024: HK\$7,496,137).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Transactions with the related parties, Manager, Trustee and their Connected Persons (Continued)

(e) Trustee fee

The fee payable to the Trustee is calculated at the following annual rates of the net asset value of the Fund of the last dealing day in the relevant quarter:

For the first HK\$15 billion of the net asset value	0.045%
For the next HK\$15 billion of the net asset value	0.030%
For the next HK\$15 billion of the net asset value	0.020%
Any amount by which the net asset value exceeds HK\$45 billion	0.015%

The Trustee fee is paid to HSBC Institutional Trust Services (Asia) Limited and State Street Bank and Trust Company for acting as the trustee and the custodian of the Fund and covers all portfolio valuation services, administration of securities trading, acquisition, delivery, holding and disposal of investments, corporate actions, dividend collection and distribution, dividend reinvestment, regulatory filings, tax filings, preparation of semi-annual and annual reports and maintenance of accounting records (but not auditing) and excludes transaction fees, costs and charges and other out-of-pocket expenses.

The Trustee adopt the same trustee fee arrangement as Former Trustee from the date of its appointment.

Effective from 19th September 2025, the effective trustee fee will be subject to a cap of 0.019% per annum ("Cap"), so that the tiered fee as set out above will be compared to the Cap and the lower will apply. The applicable trustee fee may be lower than the Cap, depending on the Net Asset Value of the Fund at the relevant time.

The trustee fee is accrued daily and payable quarterly in arrears.

Trustee fee paid to the Trustee and the Former Trustee during the year amounted to HK\$6,441,165 and HK\$23,170,494 respectively (Former Trustee during the year ended 31st December 2024: HK\$28,962,505). Trustee fee payable to the Trustee and the Former Trustee as at 31st December 2025 were HK\$6,434,352 and HK\$529,888 respectively (Former Trustee as at 31st December 2024: HK\$7,496,137).

(f) Bank balances

Bank balance held with The Hongkong and Shanghai Banking Corporation Limited ("HBAP"), which is the intermediate holding company of the Manager and the Trustee, amounted to HK\$10,006,261 with interest bearing as at 31st December 2025 (2024: HK\$22,331). Interest income amounting to HK\$1,098,468 was recognised and received for the year ended 31st December 2025 with respect to the bank balance held with HBAP (2024: HK\$303).

Bank balance held with the Former Trustee amounted to HK\$10,072,907 as at 31st December 2024. Such account is interest bearing. Interest income amounting to HK\$182,687 was recognised and HK\$182,687 was received for the year ended 31st December 2024 with respect to the bank balance held with the Former Trustee.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Transactions with the related parties, Manager, Trustee and their Connected Persons (Continued)

(g) Bank charges

Bank charges amounting to HK\$866,896 was incurred during the year with respect to the bank balance held with HBAP (2024: HK\$1,179,037).

(h) Dividend income

During the year, the fund made investments in the stocks of HSBC Holdings Plc ("HSBC"), the ultimate holding company of the Manager and Trustee, and Hang Seng Bank Limited, the immediate holding company of the Manager. Details of such investments held as at the year end date are shown in the Investment Portfolio. Dividend income earned from these investments for the years ended 31st December 2025 and 31st December 2024 is as follows:

	For the year ended 31.12.2025 <i>HK\$</i>	For the year ended 31.12.2024 <i>HK\$</i>
Hang Seng Bank Limited	52,746,812	61,504,036
HSBC Holdings Plc	668,281,296	1,054,476,758

(i) Index license fee

The Fund has been licensed by Hang Seng Indexes Company Limited ("HSIL"), an affiliate of the Manager, to use the Index to create, offer, market and sell the Fund during the year. License fee paid to HSIL for the year ended 31st December 2025 amounted to HK\$21,551,732 (2024: HK\$19,698,616). License fee payable to HSIL at the year end was HK\$5,326,652 (2024: HK\$5,441,291).

The index license fee is calculated at the following annual rates of the net asset value of the Fund, subject to a minimum fee of US\$10,000:

For the first HK\$100 billion of the net asset value	0.015%
For the next HK\$100 billion of the net asset value	0.0135%
Any amount by which the net asset value exceeds HK\$200 billion	0.012%

The index license fee is accrued daily and payable quarterly in arrears.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7 Transactions with the related parties, Manager, Trustee and their Connected Persons (Continued)

(j) Commission fee

The Fund uses the services of HBAP to process some investment transactions. The following are the details of the fund's transactions processed by HBAP for the years ended 31st December 2025 and 31st December 2024:

Value of transactions executed through HBAP		Share of the total value of transactions of the Fund		Commission paid to HBAP		Average commission rate	
For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended	For the year ended
31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024	31.12.2025	31.12.2024
HK\$	HK\$			HK\$	HK\$		
9,055,025,871	18,545,253,818	1.10%	3.31%	326,229	4,167	0.004%	0.00002%

8 Transaction costs on investments

Transaction costs are costs incurred to acquire investments. They include fees and commissions paid to agents, advisers, brokers and dealers, and local tax. Transaction costs, when incurred, are immediately recognised in Statement of Comprehensive Income as an expense.

9 Other fees

(a) Registrar fee

The fee payable to Computershare Hong Kong Investor Services Limited (the "Registrar"), is calculated based on the number of unitholders on the register on the first business day of the relevant month at the following fee scale, subject to a monthly maximum aggregate registrar fee of HK\$1,000,000.

	HK\$ (per month)
For the first 2,000 Unitholders	12,000
For every additional 1,000 Unitholders up to 100,000 Unitholders	2,650
For every additional 1,000 Unitholders above 100,000 Unitholders	2,250

The registrar fee is accrued daily and payable monthly in arrears.

The Registrar is also reimbursed for all of its out-of-pocket expenses incurred in connection with performing its services.

(b) Conversion agent fee

The Conversion Agent, HK Conversion Agency Services Limited, received a monthly retainer fee of HK\$16,000 plus a transaction fee of HK\$12,000 on total aggregate creation and redemption orders per day per Participating Dealer.

The conversion agent fee is accrued daily and payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Major non-cash transactions

In accordance with the Trust Deed, units are issued through an in-kind creation of an Index Basket with the remaining balances in cash. For each Creation Unit (of 1,000,000 units), the Fund receives an Index Basket consisting of constituent shares as determined by the Manager on a daily basis. During the year ended 31st December 2025, the Fund issued 15,640,000,000 units (2024: 14,347,000,000 units), totaling HK\$377,830,859,000 (2024: HK\$266,952,374,089) in exchange for Index Baskets consisting of investments valued at HK\$374,120,974,261 (2024: HK\$263,057,041,001) plus the relevant cash component of HK\$3,709,884,739 (2024: HK\$3,895,333,088).

In accordance with the Trust Deed, units are redeemed in-kind with the remaining balances in cash. During the year ended 31st December 2025, the Fund redeemed 17,225,000,000 units (2024: 15,000,000,000 units), totaling HK\$416,584,771,600 (2024: HK\$280,780,266,000) by delivering Index Baskets consisting of investments valued at HK\$412,391,307,034 (2024: HK\$276,896,766,376) plus the relevant cash component of HK\$4,193,464,566 (2024: HK\$3,883,499,624).

11 Soft dollar practices

The Manager may effect transactions, provided that any such transaction is consistent with standards of "best execution", by or through the agency of another person for the account of the Fund with whom the Manager or any of its Connected Persons have an arrangement under which that party will from time to time provide to or procure for the Manager or any of its Connected Persons goods, services or other benefits (such as research and advisory services, computer hardware associated with specialized software or research services and performance measures) the nature of which is such that their provision can reasonably be expected to benefit the Fund as a whole and may contribute to an improvement in the performance of the Fund. For the avoidance of doubt, such goods and services may not include travel, accommodation, entertainment, general administrative goods or services, general office equipment or premises, membership fees, employees' salaries or direct money payments.

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

12 Investment limitations and prohibitions under the SFC Code

The SFC Code allows the Fund to invest in constituent securities issued by a single issuer for more than 10% of the Fund's net asset value provided that the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index and the Fund's holding of any such constituent securities may not exceed their respective weightings in the Index (except as a result of changes in the composition of the Index and the excess is transitional and temporary in nature).

As at 31st December 2025 and 31st December 2024, there were no securities that individually accounted for more than 10% of the net asset value of the Fund.

During the year ended 31st December 2025, the Hang Seng Index increased by 27.77% (2024: increased by 17.67%), while the net asset value per unit of the Fund increased by 27.91% (2024: increased by 17.46%).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management

(a) Strategy in using financial instruments

Investment objectives

The Fund's investment objective is to provide investment results that closely correspond to the performance of the Index. The Manager will seek to achieve the investment objective by investing all, or substantially all, of the Fund's assets in shares in the constituent companies of the Index ("Index Shares") in substantially the same weightings as they appear in the Index. The Manager may also invest in certain other permitted investments in seeking to meet the investment objective. The Manager will rebalance the Fund's portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of shares in, the Index.

Investment policies

The responsibility of the Manager is to reflect changes in the Index, insofar as practicable and subject to the Trust Deed, by replicating changes to the weightings and composition of the constituent shares in the Index in the portfolio of shares which make up the portfolio.

Since the investment objective is to provide investment results that closely correspond with the performance of the Index, the Manager is required to ensure, insofar as practicable and subject to the Trust Deed, that the assets comprised in the portfolio comprise only, or substantially only, interest in Index Shares and in the relative weightings such Index Shares appear in the Index. Other than cash held for distribution and to meet the fees, expenses and other liabilities, it is unlikely that cash or any other form of securities will form a substantial part of the assets.

The risks and the respective risk management policies employed by the Fund to manage these risks are discussed below.

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of 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 Fund is designated to track the performance of the Index, therefore the exposure to market risk in the Fund will be substantially the same as the tracked index. The Manager manages the Fund's exposures to market risk by ensuring the key characteristics of the portfolio, are closely aligned with the characteristics of the tracked index. The Manager monitors the investments on a daily basis and rebalances the portfolio of investments from time to time to reflect any changes to the composition of, or the weighting of shares in, the Index.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management (Continued)

(b) Market price risk (Continued)

As at year end, the overall market exposure of the Fund was as follows:

	2025		2024	
	Fair Value HK\$	% of net assets	Fair Value HK\$	% of net assets
Held for trading:				
Listed investments				
Equities				
– Hong Kong	<u>135,225,335,511</u>	<u>99.05</u>	<u>137,464,505,504</u>	<u>99.07</u>
Collective Investment Scheme				
– Hong Kong	<u>763,145,670</u>	<u>0.56</u>	<u>922,727,494</u>	<u>0.66</u>
Total	<u>135,988,481,181</u>	<u>99.61</u>	<u>138,387,232,998</u>	<u>99.73</u>

Net market exposures

The following table shows the net market exposures of the Fund by industry as at year end:

	2025	2024
	% of net assets	% of net assets
By industry		
– Conglomerates	1.32	1.40
– Consumer Discretionary	23.94	28.01
– Consumer Staples	1.93	2.08
– Energy	4.60	5.10
– Financials	33.91	32.85
– Healthcare	3.69	2.04
– Industrials	1.22	0.79
– Information Technology	16.82	15.53
– Materials	2.01	0.89
– Properties & Construction*	3.63	3.88
– Telecommunications	3.90	4.07
– Utilities	2.64	3.09
	<u>99.61</u>	<u>99.73</u>

* Exposure in Real Estate Investment Trust was included under the industry of Properties & Construction.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management (Continued)

(b) Market price risk (Continued)

Net market exposures (Continued)

All the Fund's equity securities and collective investment scheme are listed on the Hong Kong Stock Exchange. As the Fund is a Hang Seng Index tracking fund, movements in the Index would cause substantially the same percentage change in the Fund's net asset value.

	2025		2024	
	Change in index	Impact	Change in index	Impact
	% +/-	HK\$ +/-	% +/-	HK\$ +/-
Hong Kong				
– Hang Seng Index	27.77%	37,764,001,224	17.67%	24,453,024,071

The Manager has used the annual change in the benchmark index to estimate the change for use in the market sensitivity analysis above. Disclosures above are shown in absolute terms, changes and impacts could be positive or negative.

(c) Interest rate risk

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

(d) Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

All transactions in securities are settled/paid for upon delivery using brokers approved by the Manager. The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Fund's financial assets which are potentially subject to credit risk consist principally of securities and bank balances. The Manager limits the Fund's exposure to credit risk by transacting with well-established broker-dealers and banks with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

The table below summarises the net exposure to the custodian and bank as at 31st December 2025 and 2024 together with their credit ratings issued by Moody's.

As at 31st December 2025

	<i>HK\$</i>	Credit rating
Investments (held with custodians)		
The Hongkong and Shanghai Banking Corporation Limited	135,988,481,181	A3
Bank Balances		
United Overseas Bank Limited	166,540,776	Aa1
Industrial Bank of Korea	55,484,179	Aa2
The Hongkong and Shanghai Banking Corporation Limited	10,006,261	A3
Australia and New Zealand Banking Group Limited	4,963	Aa1
Total	<u>232,036,179</u>	

As at 31st December 2024

	<i>HK\$</i>	Credit rating
Investments (held with custodians)		
State Street Bank and Trust Company	138,387,232,998	Aa1
Bank Balances		
State Street Bank and Trust Company	10,072,907	Aa1
United Overseas Bank Limited	298,680,981	Aa1
Industrial Bank of Korea	98,393,833	Aa2
The Hongkong and Shanghai Banking Corporation Limited	22,331	Aa3
Total	<u>407,170,052</u>	

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Manager considers both historical analysis and forward looking information in determining any expected credit loss. As at 31st December 2025 and 2024, all dividend receivables, due from brokers, other receivables and bank balances are held with counterparties with high credit rating and are due to be settled within 1 month. The Manager considers 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 Fund. Accordingly, the Manager considers the Fund has no significant credit risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management (Continued)

(e) Currency risk

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

The Fund has no significant currency risk as substantially all assets and liabilities are denominated in Hong Kong dollars, the Fund's functional and presentation currency.

(f) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in settling a liability, including a redemption request.

The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The Fund's securities are considered readily realizable, as they are listed on the Hong Kong Stock Exchange. Furthermore, as stated in Note 5, units are redeemed in-kind and hence the Fund has minimal liquidity risk in respect of redeemable units.

It is the intent of the Manager to monitor the Fund's liquidity position on a daily basis.

The following table gives the contractual undiscounted cash-flow projection of the Fund's financial liabilities. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Maturity analysis

	Less than 1 month <i>HK\$</i>	1-3 months <i>HK\$</i>	Total <i>HK\$</i>
As at 31st December 2025			
Management fee payable	6,964,240	–	6,964,240
Trustee fee payable	–	6,964,240	6,964,240
Index license fee payable	–	5,326,652	5,326,652
Registrar fee payable	161,245	–	161,245
Amounts payable on redemption of units	11,837,642	–	11,837,642
Other accounts payable and accruals	–	7,784,345	7,784,345
Net assets attributable to unitholders of redeemable units	136,518,781,990	–	136,518,781,990
Total financial liabilities	136,537,745,117	20,075,237	136,557,820,354

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management (Continued)

(f) Liquidity risk (Continued)

Maturity analysis (Continued)

	Less than 1 month <i>HK\$</i>	1-3 months <i>HK\$</i>	Total <i>HK\$</i>
As at 31st December 2024			
Management fee payable	7,496,137	–	7,496,137
Trustee fee payable	–	7,496,137	7,496,137
Index license fee payable	–	5,441,291	5,441,291
Registrar fee payable	326,055	–	326,055
Amounts payable on redemption of units	6,878,678	–	6,878,678
Other accounts payable and accruals	119,000	9,304,922	9,423,922
Net assets attributable to unitholders of redeemable units	<u>138,761,150,690</u>	<u>–</u>	<u>138,761,150,690</u>
Total financial liabilities	<u>138,775,970,560</u>	<u>22,242,350</u>	<u>138,798,212,910</u>

(g) Capital risk management

The Fund's objective is to provide investment results that closely correspond to the performance of the Hang Seng Index. The Manager may:

- Redeem and issue new units in accordance with the constitutive documents of the Fund, which include the ability to amend the Creation Unit and Redemption Unit size upon the approval of the Trustee and Supervisory Committee;
- Exercise discretion when determining the amount of distributions of the Fund to unitholders of redeemable units; and
- Suspend the creation and redemption of units under certain circumstances stipulated in the prospectus.

Units are issued through an in-kind creation of an Index Basket with the remaining balances in cash and are not through a cash creation only. Units are redeemed in-kind with the remaining balances in cash and are not redeemable for cash only.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management (Continued)

(h) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value of receivables and payables are assumed to approximate their fair values. The fair value of financial assets and 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 Fund for similar financial instruments.

HKFRS 13 requires the Fund to classify 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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Fund can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorized 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 judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management (Continued)

(h) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Fund's investments (by class) measured at fair value as at 31st December 2025 and 2024. All fair value measurements disclosed are recurring fair value measurements.

	Level 1 <i>HK\$</i>	Level 2 <i>HK\$</i>	Level 3 <i>HK\$</i>	Total <i>HK\$</i>
As at 31st December 2025				
Assets				
Financial assets at fair value through profit or loss:				
– Equity securities	135,225,335,511	–	–	135,225,335,511
– Collective Investment Scheme	<u>763,145,670</u>	<u>–</u>	<u>–</u>	<u>763,145,670</u>
Total	<u><u>135,988,481,181</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>135,988,481,181</u></u>
	<i>Level 1 HK\$</i>	<i>Level 2 HK\$</i>	<i>Level 3 HK\$</i>	<i>Total HK\$</i>
As at 31st December 2024				
Assets				
Financial assets at fair value through profit or loss:				
– Equity securities	137,464,505,504	–	–	137,464,505,504
– Collective Investment Scheme	<u>922,727,494</u>	<u>–</u>	<u>–</u>	<u>922,727,494</u>
Total	<u><u>138,387,232,998</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>138,387,232,998</u></u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As at 31st December 2025 and 2024, the Fund did not hold any investments classified in level 2.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Financial risk management (Continued)

(h) Fair value estimation (Continued)

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31st December 2025 and 2024, the Fund did not hold any investments classified in level 3.

During the years ended 31st December 2025 and 2024, there were no transfers of financial instruments between levels.

The assets and liabilities (excluding net assets attributable to unitholders of redeemable units) included in the Statement of Net Assets except investments are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

14 Involvement with unconsolidated structured entities

The Fund has concluded that the collective investment schemes in which it invests, but that it does not consolidate, meet the definition of structured entities because:

- the voting rights in the collective investment schemes are not dominant rights in deciding who controls them because they relate to administrative tasks only;
- each collective investment scheme's activities are restricted by its prospectus; and
- the collective investment schemes have narrow and well-defined objectives to provide investment opportunities to investors.

The table below describes the types of structured entities that the Fund does not consolidate but in which it holds an interest.

<i>Type of structured entities</i>	<i>Nature and purpose</i>	<i>Interest held by the Fund</i>
Collective investment schemes	To manage assets on behalf of the investors and earn fees. These vehicles are financed through the issue of units to investors.	Investments in units issued by the collective investment schemes

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Involvement with unconsolidated structured entities (Continued)

The table below sets out interests held by the Fund in unconsolidated structured entities. The maximum exposure to loss is the carrying amount of the financial assets held.

As at 31st December 2025

Structured entities	Number of collective investment scheme invested by the fund	Total market capitalization of the structured entity <i>HK\$</i>	Carrying amount included in investments at fair value through profit or loss <i>HK\$</i>	Carrying amount as a % of total net assets attributable to unitholders
Listed real estate investment trust	1	90,287,141,659	763,145,670	0.56%

As at 31st December 2024

Structured entities	Number of collective investment scheme invested by the fund	Total market capitalization of the structured entity <i>HK\$</i>	Carrying amount included in investments at fair value through profit or loss <i>HK\$</i>	Carrying amount as a % of total net assets attributable to unitholders
Listed real estate investment trust	1	84,979,019,990	922,727,494	0.66%

During the year, except for the amounts invested in the unconsolidated structured entity, the Fund did not provide financial support to the unconsolidated structured entity and had no intention of providing financial or other support.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Distributions

	2025 <i>HK\$</i>	2024 <i>HK\$</i>
Interim distribution		
– HK\$0.15 on 7,463,992,500 units paid on 31st May 2024	–	1,119,598,875
– HK\$0.22 on 6,102,992,500 units paid on 30th May 2025	1,342,658,350	–
Final distribution		
– HK\$0.62 on 7,166,992,500 units paid on 29th November 2024	–	4,443,535,350
– HK\$0.55 on 5,402,992,500 units paid on 28th November 2025	2,971,645,875	–
	<u>4,314,304,225</u>	<u>5,563,134,225</u>
Total distributions		

16 Segment information

The Manager is responsible for the Fund's entire portfolio and considers the business to have a single operating segment. The objective of the Fund is to track the performance of the Index and invests in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked index.

The Fund trades in the constituent shares of the Hang Seng Index with the objective to provide investment results that closely correspond to the performance of the Index.

The internal reporting provided to the Manager for the Fund's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of HKFRS Accounting Standards.

There were no changes in the reportable segment during the years ended 31st December 2025 and 2024.

The Fund is domiciled in Hong Kong. All of the Fund's income is generated in Hong Kong. Majority of such income is from investments in entities listed in Hong Kong.

The Fund has no assets classified as non-current assets. The Fund has a portfolio that closely correspond to the security weight and industry weight of the relevant tracked index. As at 31st December 2025 and 31st December 2024, there were no securities that individually accounted for more than 10% of the net asset value of the Fund.

The Fund also has a diversified unitholder population. However, as at 31st December 2025 and 2024, there was one nominee company that held more than 10% of the Fund's net assets. The nominee company's holdings were 96.15% as at 31st December 2025 and 95.72% as at 31st December 2024.

17 Comparative information

Certain comparative figures have been reclassified to conform to the current year's presentation.

18 Approval of financial statements

The financial statements were approved by the Manager on 17th April 2026.

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31ST DECEMBER 2025

	Holdings	Fair value HK\$	% of net assets
Hong Kong			
Listed investments (99.61%)			
Equities (99.05%)			
Conglomerates (1.32%)			
CITIC Ltd.	49,397,181	595,730,003	0.44
CK Hutchison Holdings Ltd.	22,762,661	1,205,282,900	0.88
		<u>1,801,012,903</u>	<u>1.32</u>
Consumer Discretionary (23.94%)			
Alibaba Group Holding Ltd.	70,533,259	10,072,149,385	7.38
ANTA Sports Products Ltd.	11,917,099	959,922,324	0.70
Baidu Inc.	10,507,408	1,381,724,152	1.01
BYD Company Ltd.	31,273,115	2,981,891,515	2.18
Chow Tai Fook Jewellery Group Ltd.	16,751,170	207,546,996	0.15
Galaxy Entertainment Group Ltd.	16,714,425	640,496,766	0.47
Geely Automobile Holdings Ltd.	51,545,439	922,663,358	0.68
Haidilao International Holding Ltd.	16,563,353	236,027,780	0.17
Haier Smart Home Co. Ltd.	20,621,071	500,679,604	0.37
JD.com Inc.	14,884,798	1,661,143,457	1.22
Kuaishou Technology	25,686,575	1,642,656,471	1.20
Li Auto Inc.	11,814,856	766,193,411	0.56
Li Ning Co. Ltd.	19,750,984	368,750,871	0.27
Meituan	46,698,226	4,823,926,746	3.53
Midea Group Co Ltd.	5,239,560	445,100,622	0.33
MTR Corporation Ltd.	15,855,279	472,487,314	0.35
New Oriental Education & Technology Group Inc.	6,549,358	276,644,882	0.20
Pop Mart International Group Ltd.	6,271,100	1,177,085,470	0.86
Sands China Ltd.	20,614,355	404,041,358	0.30
Shenzhen International Group Holdings Ltd.	7,019,513	429,594,195	0.31
Techtronic Industries Co. Ltd.	12,435,517	1,117,952,978	0.82
Trip.com Group Ltd.	2,048,753	1,135,009,162	0.83
Zhongsheng Group Holdings Ltd.	6,028,955	70,056,457	0.05
		<u>32,693,745,274</u>	<u>23.94</u>

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31ST DECEMBER 2025

	Holdings	Fair value HK\$	% of net assets
Consumer Staples (1.93%)			
Budweiser Brewing Co. APAC Ltd.	16,866,101	128,013,706	0.09
China Mengniu Dairy Co. Ltd.	26,515,153	395,340,931	0.29
China Resources Beer Holdings Co. Ltd.	13,771,944	361,100,372	0.26
Hengan International Group Co. Ltd.	5,420,421	151,229,746	0.11
Nongfu Spring Co. Ltd	17,098,263	800,882,639	0.59
Tingyi Cayman Islands Holding Corporation	16,749,986	197,482,335	0.14
WH Group Ltd.	70,806,008	613,888,089	0.45
		<u>2,647,937,818</u>	<u>1.93</u>
Energy (4.60%)			
China Petroleum & Chemical Corporation	193,137,937	901,954,166	0.66
China Shenhua Energy Co. Ltd.	27,242,207	1,056,997,631	0.77
CNOOC Ltd.	132,354,409	2,819,148,912	2.07
PetroChina Co. Ltd.	179,135,908	1,501,158,909	1.10
		<u>6,279,259,618</u>	<u>4.60</u>
Financials (33.91%)			
AIA Group Ltd.	89,185,555	7,125,925,844	5.22
Bank of China Ltd.	603,479,978	2,691,520,702	1.97
BOC Hong Kong (Holdings) Ltd.	31,418,137	1,238,502,961	0.91
China Construction Bank Corporation	816,483,966	6,278,761,699	4.60
China Life Insurance Co. Ltd.	63,177,802	1,729,808,219	1.27
China Merchants Bank Co. Ltd.	33,131,508	1,749,343,622	1.28
Hang Seng Bank Ltd.	6,370,190	977,824,165	0.72
Hong Kong Exchanges and Clearing Ltd.	10,226,066	4,168,144,502	3.05
HSBC Holdings Plc	99,763,381	12,211,037,834	8.94
Industrial and Commercial Bank of China Ltd.	700,060,681	4,403,381,683	3.23
Ping An Insurance (Group) Co. of China Ltd.	56,908,693	3,707,601,349	2.72
		<u>46,281,852,580</u>	<u>33.91</u>

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31ST DECEMBER 2025

	Holdings	Fair value HK\$	% of net assets
Healthcare (3.69%)			
Alibaba Health Information Tech Ltd.	54,760,644	276,541,252	0.20
CSPC Pharmaceutical Group Ltd.	68,480,150	577,287,665	0.42
Hansoh Pharmaceutical Group Co. Ltd.	12,852,172	463,706,366	0.34
Innovent Biologics Inc.	13,821,032	1,053,853,690	0.77
JD Health International Inc.	9,513,505	527,999,528	0.39
Sino Biopharmaceutical Ltd.	87,606,030	541,405,265	0.40
Sinopharm Group Co. Ltd.	11,392,355	221,467,381	0.16
WuXi AppTec Co. Ltd.	3,971,688	392,005,606	0.29
WuXi Biologics (Cayman) Inc.	31,236,245	982,067,543	0.72
		<u>5,036,334,296</u>	<u>3.69</u>
Industrials (1.22%)			
JD Logistics Inc.	22,601,244	258,106,206	0.19
Orient Overseas International Ltd.	1,121,244	140,603,998	0.10
Sunny Optical Tech Co. Ltd.	6,041,872	396,044,710	0.29
Xinyi Glass Holdings Ltd.	18,641,678	154,166,677	0.11
Xinyi Solar Holdings Ltd.	38,540,142	114,464,222	0.08
ZTO Express (Cayman) Inc.	3,756,593	609,695,044	0.45
		<u>1,673,080,857</u>	<u>1.22</u>
Information Technology (16.82%)			
BYD Electronic International Co. Ltd.	6,695,787	225,246,275	0.16
Lenovo Group Ltd.	63,191,958	585,157,531	0.43
NetEase Inc.	12,103,524	2,597,416,250	1.90
Semiconductor Manufacturing International Corporation	38,207,244	2,729,907,584	2.00
Tencent Holdings Ltd.	17,947,640	10,750,636,360	7.88
Xiaomi Corporation	154,688,982	6,079,276,993	4.45
		<u>22,967,640,993</u>	<u>16.82</u>
Materials (2.01%)			
China Hongqiao Group Ltd.	28,312,448	923,552,054	0.68
Zijin Mining Group Co. Ltd.	50,846,138	1,813,173,281	1.33
		<u>2,736,725,335</u>	<u>2.01</u>

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31ST DECEMBER 2025

	Holdings	Fair value HK\$	% of net assets
Properties & Construction (3.07%)			
China Overseas Land & Investment Ltd.	32,523,694	398,415,252	0.29
China Resources Land Ltd.	27,244,851	741,059,947	0.54
China Resources Mixc Lifestyle Services Ltd.	5,813,677	249,639,290	0.18
CK Asset Holdings Ltd.	16,342,742	642,596,615	0.47
Hang Lung Properties Ltd.	15,026,237	129,375,901	0.10
Henderson Land Development Co. Ltd.	12,331,865	347,018,681	0.25
Longfor Group Holdings Ltd.	20,924,766	179,115,997	0.13
Sun Hung Kai Properties Ltd.	12,301,540	1,164,955,838	0.85
Wharf Real Estate Investment Co. Ltd	14,178,243	348,501,213	0.26
		<u>4,200,678,734</u>	<u>3.07</u>
Telecommunications (3.90%)			
China Mobile Ltd.	52,785,685	4,312,590,465	3.16
China Telecom Co. Ltd.	111,932,418	603,315,733	0.44
China Unicom (Hong Kong) Ltd.	51,956,393	404,220,738	0.30
		<u>5,320,126,936</u>	<u>3.90</u>
Utilities (2.64%)			
China Resources Power Holdings Co. Ltd.	17,581,921	304,343,053	0.22
CK Infrastructure Holdings Ltd.	5,348,025	308,046,240	0.23
CLP Holdings Ltd.	17,160,154	1,194,346,718	0.88
ENN Energy Holdings Ltd.	6,723,225	465,247,170	0.34
Power Assets Holdings Ltd.	11,760,804	648,608,341	0.48
The Hong Kong and China Gas Co. Ltd.	95,056,868	666,348,645	0.49
		<u>3,586,940,167</u>	<u>2.64</u>
Total Listed equities		<u><u>135,225,335,511</u></u>	<u><u>99.05</u></u>
Real Estate Investment Trust (0.56%)			
Link Real Estate Investment Trust	21,967,348	763,145,670	0.56
Total investments, at cost		<u><u>135,456,464,676</u></u>	

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

FOR THE YEAR ENDED 31ST DECEMBER 2025

	(UNAUDITED) Holdings			31.12.2025
	31.12.2024	Additions	Disposals	
Hong Kong				
Listed investments				
Equities				
Conglomerates				
CITIC Ltd.	79,281,097	154,669,024	(184,552,940)	49,397,181
CK Hutchison Holdings Ltd.	29,227,366	69,168,933	(75,633,638)	22,762,661
Consumer Discretionary				
Alibaba Group Holding Ltd.	129,059,839	264,515,766	(323,042,346)	70,533,259
ANTA Sports Products Ltd.	15,421,313	36,298,621	(39,802,835)	11,917,099
Baidu Inc.	7,709,617	31,565,454	(28,767,663)	10,507,408
BYD Company Ltd.	11,969,627	87,108,594	(67,805,106)	31,273,115
Chow Tai Fook Jewellery Group Ltd.	21,776,076	51,380,725	(56,405,631)	16,751,170
Galaxy Entertainment Group Ltd.	23,839,464	55,899,181	(63,024,220)	16,714,425
Geely Automobile Holdings Ltd.	65,863,395	156,216,394	(170,534,350)	51,545,439
Haidilao International Holding Ltd.	21,267,244	50,332,185	(55,036,076)	16,563,353
Haier Smart Home Co. Ltd.	26,487,985	62,659,053	(68,525,967)	20,621,071
JD.com Inc.	19,064,610	45,160,442	(49,340,254)	14,884,798
Kuaishou Technology	33,079,571	77,692,803	(85,085,799)	25,686,575
Li Auto Inc.	15,036,591	35,749,524	(38,971,259)	11,814,856
Li Ning Co. Ltd.	25,357,035	60,017,311	(65,623,362)	19,750,984
Meituan	62,990,176	140,105,675	(156,397,625)	46,698,226
Midea Group Co Ltd.	–	13,965,572	(8,726,012)	5,239,560
MTR Corporation Ltd.	20,357,799	48,176,053	(52,678,573)	15,855,279
New Oriental Education & Technology Group Inc.	7,399,708	19,191,152	(20,041,502)	6,549,358
Pop Mart International Group Ltd.	–	11,466,832	(5,195,732)	6,271,100
Sands China Ltd.	26,468,721	87,376,807	(93,231,173)	20,614,355
Shenzhou International Group Holdings Ltd.	9,012,987	21,331,663	(23,325,137)	7,019,513
Techtronic Industries Co. Ltd.	16,980,614	37,523,257	(42,068,354)	12,435,517
Trip.com Group Ltd.	1,862,930	6,575,200	(6,389,377)	2,048,753
Zhongsheng Group Holdings Ltd.	7,740,802	18,319,217	(20,031,064)	6,028,955
Consumer Staples				
Budweiser Brewing Co. APAC Ltd.	21,655,850	51,248,058	(56,037,807)	16,866,101
China Mengniu Dairy Co. Ltd.	34,320,596	80,708,815	(88,514,258)	26,515,153
China Resources Beer Holdings Co. Ltd.	17,683,137	41,851,845	(45,763,038)	13,771,944
Hengshun International Group Co. Ltd.	7,601,536	17,223,332	(19,404,447)	5,420,421
Nongfu Spring Co. Ltd	21,953,958	51,958,089	(56,813,784)	17,098,263
Tingyi Cayman Islands Holding Corporation	21,499,017	50,883,205	(55,632,236)	16,749,986
WH Group Ltd.	90,913,824	216,438,823	(236,546,639)	70,806,008

PERFORMANCE RECORD (UNAUDITED)

Net asset values

	Net asset value per unit <i>HK\$</i>	Net asset value of the Fund <i>HK\$</i>
At end of financial year dated		
31st December 2023	17.20	129,368,536,957
31st December 2024	20.21	138,761,150,690
31st December 2025	25.85	136,518,781,990

Highest and lowest net asset value per unit for the past 10 years

	Highest net asset value per unit <i>HK\$</i>	Lowest net asset value per unit <i>HK\$</i>
Financial period ended		
31st December 2016	24.80	18.50
31st December 2017	30.21	22.30
31st December 2018	33.38	25.13
31st December 2019	30.48	25.25
31st December 2020	29.26	21.97
31st December 2021	31.27	22.88
31st December 2022	25.11	14.77
31st December 2023	22.83	16.33
31st December 2024	23.84	15.11
31st December 2025	27.95	19.08

Fund Performance

During the year ended 31st December 2025, the Hang Seng Index increased by 27.77% (2024: increased by 17.67%), while the net asset value per unit of the Fund increased by 27.91% (2024: increased by 17.46%).

PORTFOLIO CARBON FOOTPRINT (UNAUDITED)

FOR THE YEAR ENDED 31ST DECEMBER 2025

Please visit <http://www.hangsenginvestment.com/> for more details.

ADMINISTRATION AND MANAGEMENT

Directors of the Manager

Ms. Ka Wai Kathy Cheung
 Ms. Wai Man Vivien Chiu
 Ms. Pui Shan Lee (resigned on 1st February 2026)
 Mr. King Fung William Wong (assigned on 2nd February 2026)
 Ms. Wah Lun Rannie Lee
 Ms. Say Pin Saw (resigned on 1st March 2026)
 Mr. Jonathon Glyn Lee (assigned on 1st March 2026)
 Mr. Ho Ching Paul So (assigned on 28th November 2025)
 Mr. Dominic Adam Skevington (resigned on 1st September 2025)
 Ms. Husne Ozge Usta (assigned on 1st September 2025)

Members of the Supervisory Committee

Mr. George Hongchoy
 Mr. Blair Pickerell
 Mr. Stephen Law
 Prof. Chan Kalok
 Dr. Kam Pok-man
 Mr. Wilfred Yiu (ceased on 1st January 2025)
 Mr. David Russell
 Mr. Paul Chow (appointed on 1st January 2025)

Trustee and custodian

State Street Bank and Trust Company
 68th Floor
 Two International Finance Centre
 8 Finance Street
 Central
 Hong Kong
(Prior to 8th October 2025)

HSBC Institutional Trust Services (Asia) Limited
 1 Queen's Road Central
 Central
 Hong Kong
(with effect from 8th October 2025)

Registrar

Computershare Hong Kong
 Investor Services Limited
 17M Floor
 Hopewell Centre
 183 Queen's Road East
 Wan Chai
 Hong Kong

Manager

Hang Seng Investment Management Limited
 83 Des Voeux Road Central
 Hong Kong

Promoter

Exchange Fund Investment Limited
 87th Floor
 Two International Finance Centre
 8 Finance Street
 Central
 Hong Kong

Conversion agent

HK Conversion Agency Services Limited
 8/F One & Two Exchange Square
 8 Connaught Place
 Central
 Hong Kong

Auditor

KPMG
 8th Floor
 Prince's Building
 10 Chater Road
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