

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2022

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

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**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

ADMINISTRATION AND MANAGEMENT

Manager

Shenwan Hongyuan Asset Management (Asia) Limited
6/F, Three Pacific Place
1 Queen's Road East
Wan Chai, Hong Kong

Directors of the Manager

Guo Chun (resigned on 29 March 2022)
Xia Mingrui
Shen Chong
Liang Jun

Trustee and Registrar

Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Auditor

PricewaterhouseCoopers
22/F Prince's Building
Central
Hong Kong

Legal Adviser

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

RQFII Custodian

Bank of Communications Co., Ltd.
188 Yin Cheng Zhong Road
Shanghai 200120
The People's Republic of China

Investment Adviser

SWS MU Fund Management Co Ltd
10&11/F, 100 South Zhongshan Road,
Shanghai China 200010

Kingdom Investment Managers Limited (resigned on 30 June 2022)
12/F On Building
162 Queen's Road Central
Central Hong Kong

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

REPORT OF THE MANAGER

Market Review:

Chinese market witnessed another year of sell-off after hitting multiple years' high in February 2021. The CSI 300 index decrease 21.6% in 2022 and extended the maximum drawdown to 41.1% that was seen at the end of October. For most part of this year, economy activities were heavily disrupted by COVID-19 outbreak from time to time. Consumption got hit so hard that total retail sales of consumer goods registered a decline of 0.2% yoy, the first negative read in decades excluding the pandemic debut year of 2020. The structural headwinds from real estate sector also added to the economic downturn as the sales area, sales value and new starts area slumped 24.3%, 26.7% and 39.4% yoy respectively. However, infrastructure investment kept robust with a growth of 9.4% yoy; and so is the export trade with a growth of 10.5% yoy. Hence, the GDP managed a positive growth over year for each quarter and bottomed at 0.4% yoy in the second quarter when Shanghai was locked down. The full year GDP growth stood at 3.0%, short of the government's official target of 5.5%; such failure to meet GDP target is for the first time in the history.

Besides the weak fundamentals, geopolitical risk rose dramatically as Russia-Ukraine situation worsened and the US allies tightened technology export of semiconductor sector. China's securities have been perceived as a proxy of geopolitical risk related to Russia, hence it became quite volatile following the debut of Russia-Ukraine conflict in February 2022.

The China government scrapped the zero-Covid policy and refocused on economy development in the last month of year 2022, which might boost to the real economy and accordingly triggered a rebound in the stock market.

Portfolio Review:

The fund's NAV per unit decreased by 27.4% in 2022, due to unfavourable market environment and the substantial depreciation of RMB.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

REPORT OF THE MANAGER (CONTINUED)

Market Outlook and Portfolio Strategy:

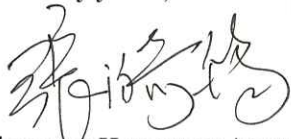
With the lift of nationwide COVID-19 restrictions, many provinces saw a very fast peaking of the infection rate in the last few weeks of 2022. This was a short-term pain, but a long-term gain for the country and its people. Looking ahead to 2023, we expect the economy to return to normal in the first quarter and people will get used to the post-COVID life gradually. As to the policy side, the monetary and fiscal policy have been supportive, but the government seems refrained from large-scale economy stimulus.

On the risk side, the first is developed countries will likely suffer some level of recession because their central banks would continue to hike interest rate to fight against inflation. The second is geopolitical risk may elevate for the whole year with evolution of Russia-Ukraine situation and US-China diplomatic relations.

Thus, both the corporate profitability and valuation multiples will probably enjoy a mild revival.

Our fund will continue the balance strategy in combination of the bottom-up and top-down approach. We will try to capture the coming recovery and possible market rebound; we will keep invested into high-quality companies with high profitability or improving fundamentals. In the meantime, the fund strategy will keep prudent all the time to reduce large volatility.

Sincerely yours,



Shenwan Hongyuan Asset Management (Asia) Limited

28 April 2023

Investments are subject to investment risks, fund value may go up as well as down and past performance is not indicative of future performance. Please refer to the Explanatory Memorandum for details including the risk factors. Shenwan Hongyuan Asset Management (Asia) Limited is the issuer of this report. This document has not been reviewed by the Securities and Futures Commission.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

REPORT OF THE TRUSTEE

To the unitholders of Shenyin Wanguo RQFII A Share Strategy Fund, a Sub-Fund of SWS Strategic Investment Funds

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed the SWS Strategic Investment Funds - Shenyin Wanguo RQFII A Share Strategy Fund in accordance with the provisions of the Trust Deed dated 6 January 2012 and all its supplemental deeds for the year ended 31 December 2022.

A handwritten signature in black ink, consisting of stylized cursive letters, likely representing the name of the Trustee.

For and on behalf of
Bank of Communications Trustee Limited

28 April 2023

Independent Auditor's Report

To the Unitholders of Shenyin Wanguo RQFII A Share Strategy Fund, a sub-fund of SWS Strategic Investment Funds (The "Sub-Fund")

Report on the Audit of the Financial Statements**Opinion***What we have audited*

The financial statements of Shenyin Wanguo RQFII A Share Strategy Fund, a sub-fund of SWS Strategic Investment Funds (the "Sub-Fund"), which are set out on pages 8 to 26, comprise:

- the statement of financial position as at 31 December 2022;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2022, and of its financial transactions and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

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

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

Independence

We are independent of the Sub-Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

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

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

Independent Auditor's Report

To the Unitholders of Shenyin Wanguo RQFII A Share Strategy Fund, a sub-fund of SWS Strategic Investment Funds (Continued)

Report on the Audit of the Financial Statements (Continued)**Other Information (Continued)**

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

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

Responsibilities of Management for the Financial Statements

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

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

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 6 January 2012 as amended ("Trust Deed"), and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report

To the Unitholders of Shenyin Wanguo RQFII A Share Strategy Fund, a sub-fund of SWS Strategic Investment Funds (Continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

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



PricewaterhouseCoopers
Certified Public Accountants

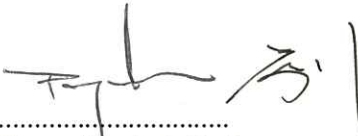
Hong Kong, 28 April 2023

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

| | Notes | 2022 RMB | 2021 RMB |
|---|-------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Financial assets at fair value through profit or loss | | 4,658,256 | 6,230,839 |
| Amount due from a broker | 6(e) | 134,700 | - |
| Interest receivable | 6(f) | 18 | 68 |
| Deposits | | 4,990 | 5,914 |
| Cash and cash equivalent | 6(f) | 192,953 | 903,793 |
| Total assets | | <u>4,990,917</u> | <u>7,140,614</u> |
| Equity | | | |
| Net assets attributable to unitholders | | <u>4,826,619</u> | <u>6,889,707</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Amount due to a broker | 6(e) | 149,077 | - |
| Management fee payable | 6(a) | 11,936 | 8,847 |
| Sub-custodian fee payable | 6(c) | 371 | 531 |
| Other payables and accruals | | 2,914 | 241,529 |
| Total liabilities | | <u>164,298</u> | <u>250,907</u> |

Approved by the Trustee and the Manager on 28 April 2023.



For and on behalf of
Bank of Communications Trustee Limited
As the Trustee



For and on behalf of
Shenwan Hongyuan Asset Management (Asia) Limited
As the Manager

The notes on pages 12 to 26 are an integral part of these financial statements.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Notes | 2022 RMB | 2021 RMB |
|---|-------|-------------|-------------|
| Income | | | |
| Dividend income | | 133,045 | 58,721 |
| Interest income on bank deposits | 6(f) | 1,582 | 1,507 |
| Net losses on financial assets at fair value through profit or loss | 4 | (1,480,415) | (801,490) |
| Net exchange gains/(losses) | | 5,963 | (4,642) |
| Other income | | 196,473 | - |
| | | <hr/> | <hr/> |
| Total net loss | | (1,143,352) | (745,904) |
| | | <hr/> | <hr/> |
| Expenses | | | |
| Management fee | 6(a) | 76,211 | 111,604 |
| Trustee fee | 6(b) | 167,999 | 56,153 |
| Sub-custodian fee | 6(c) | 4,637 | 6,830 |
| Auditor's remuneration | | 15,911 | 50,648 |
| Commission and brokerage fee | 6(e) | 17,056 | 34,889 |
| Legal and professional fee | | - | 7,352 |
| Other expenses | | 14,424 | 8,144 |
| | | <hr/> | <hr/> |
| Total operating expenses | | 296,238 | 275,620 |
| | | <hr/> | <hr/> |
| Loss before tax | | (1,439,590) | (1,021,524) |
| Taxation | 5 | (13,464) | (6,035) |
| | | <hr/> | <hr/> |
| Total comprehensive loss | | (1,453,054) | (1,027,559) |
| | | <hr/> | <hr/> |

The notes on pages 12 to 26 are an integral part of these financial statements.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | Class A HKD units | | |
|--|----------------------------|---|---|
| | <i>Number of units</i> | <i>Net assets attributable to unitholders RMB</i> | <i>Net asset value per unit RMB</i> |
| As at 1 January 2021 | 85,128.844 | 8,174,618 | 96.026 |
| Issuance of units | 1,529.022 | 133,975 | |
| Redemption of units | (4,611.000) | (391,327) | |
| Total comprehensive loss | - | (1,027,559) | |
| As at 31 December 2021 and 1 January 2022 | 82,046.866 | 6,889,707 | 83.973 |
| Issuance of units | 1,728.786 | 120,694 | |
| Redemption of units | (10,794.000) | (730,728) | |
| Total comprehensive loss | - | (1,453,054) | |
| As at 31 December 2022 | 72,981.652 | 4,826,619 | 66.135 |

The notes on pages 12 to 26 are an integral part of these financial statements.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | 2022 RMB | 2021 RMB |
|---|------------------|------------------|
| Cash flows from operating activities | | |
| Total comprehensive loss | (1,453,054) | (1,027,559) |
| Adjustments for: | | |
| Dividend income | (133,045) | (58,721) |
| Interest income on bank deposits | (1,582) | (1,507) |
| Withholding tax | 13,464 | 6,035 |
| Operating loss before working capital changes | (1,574,217) | (1,081,752) |
| Net decrease in financial assets at fair value through profit or loss | 1,572,583 | 2,021,668 |
| Decrease/(increase) in deposits | 924 | (4,374) |
| (Increase)/decrease in amount due from broker | (134,700) | 98,599 |
| Net decrease in management fee payable, performance fee payable, trustee fee payable, sub-custodian fee payable, amount due to broker and other payables and accruals | (86,609) | (200,625) |
| Cash (used in)/generated from operations | (222,019) | 833,516 |
| Dividend received | 119,581 | 52,686 |
| Interest received | 1,632 | 1,450 |
| Net cash (used in)/generated from operating activities | (100,806) | 887,652 |
| Cash flows from financing activities | | |
| Proceeds from issuance of units | 120,694 | 133,975 |
| Payments on redemption of units | (730,728) | (391,327) |
| Net cash used in financing activities | (610,034) | (257,352) |
| Net (decrease)/increase in cash and cash equivalents | (710,840) | 630,300 |
| Cash and cash equivalents at beginning of the year | 903,793 | 273,493 |
| Cash and cash equivalents at end of the year | 192,953 | 903,793 |
| Analysis of balances of cash and cash equivalents | | |
| Bank balances | 192,953 | 903,793 |

The notes on pages 12 to 26 are an integral part of these financial statements.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS

1 General information

SWS Strategic Investment Funds (the “Trust”) was constituted as an umbrella unit trust established under the laws of Hong Kong pursuant to a trust deed dated 6 January 2012 (the “Trust Deed”) and supplemental deed, as amended (the “Supplemental Deed”) entered into between Shenwan Hongyuan Asset Management (Asia) Limited (the “Manager”) and Bank of Communications Trustee Limited (the “Trustee”). The Trust is an open-ended unit trust and is authorised by Securities and Futures Commission of Hong Kong under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the “SFC Code”).

Shenyin Wanguo RQFII A Share Strategy Fund (the “Sub-Fund”) was constituted as a separate sub-fund of the Trust on 19 June 2015.

A separate sub-fund can be created and established to which assets and liabilities attributable to the relevant sub-fund applied. A separate class of units relating exclusively to each sub-fund will be issued. As at 31 December 2022, there is another sub-fund under the Trust – Shenyin Wanguo RMB Mainland Investment Fund. The assets and liabilities of each sub-fund of the Trust are separate and distinct from the assets and liabilities of the sub-fund of the Trust.

The investment objectives of the Sub-Fund is to achieve long-term capital appreciation by investing in stocks issued by companies established and operating in the PRC and listed on stock exchanges in Shanghai and Shenzhen through the RQFII quota of the RQFII Holder which is the holding company of the Manager.

2 Summary of significant accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Trustee and Manager to exercise their judgment in the process of applying the Sub-Fund’s accounting policies.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New standards and amendments to existing standards effective 1 January 2022

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2022 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2022 and have not been early adopted by the Sub-Fund

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

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

Classification

The Sub-Fund classifies its investments based on both the Sub-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 Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Recognition/derecognition

Regular purchases and sales of investments are accounted for on the trade date basis. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Measurement

Investments are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Subsequent to initial recognition, all investments are measured at fair value. Realised and unrealised gains and losses on investments are recognised in the statement of comprehensive income within "Net gain/(losses) on financial assets at fair value through profit or loss" in the period in which they arise.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Summary of significant accounting policies (Continued)

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

Fair value estimation

The Sub-Fund adopted IFRS 13 “Fair value measurement” for fair value estimation of financial assets at fair value through profit or loss. The fair value of investments that are listed or traded on an exchange is based on quoted market prices at close of trading on the reporting date.

Transfer between levels of the fair value hierarchy

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

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Cash and cash equivalents

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

(e) 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 Sub-Fund’s right to receive payment is established.

Interest income is recognised on a time proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

Realised gains and losses on disposal of investments classified as at fair value through profit or loss area calculated using the weighted average cost basis. They represent the difference between an investment’s initial carrying amount and disposal amount.

(f) Expenses

Expenses are accounted for on an accrual basis.

(g) Amount due from/to brokers

Amounts due from brokers include margin accounts and receivables for securities sold (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

Amounts due to brokers includes payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivered on the reporting date.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Summary of significant accounting policies (Continued)

(g) Amount due from/to brokers (Continued)

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(h) 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 Sub-Fund operates (the “functional currency”). The performance of the Sub-Fund is measured and reported to the unitholders in Renminbi (the “RMB”). The Manager considers the RMB as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in RMB, which is the Sub-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 assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “Net exchange gains/(losses)”.

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

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Summary of significant accounting policies (Continued)

(i) Redeemable units

Net assets attributable to unitholders

The Sub-Fund issues redeemable units which are redeemable at the holder's option represents puttable financial instruments of the Sub-Fund. The Sub-Fund classifies its puttable financial instruments as equity in accordance with IAS 32 (Amendment), "Financial instruments: Presentation" as those puttable financial instruments meet all 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 units in issue and unit features are identical;
- apart from the contractual obligation for the Sub-Fund to repurchase or redeem the instrument for cash or another financial asset, there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Fund.

The holder of redeemable units can redeem the units on dealing days which are generally each Hong Kong and PRC business days or such other day or days determined by the Manager and Trustee may agree from time to time for cash equal to a proportionate share of the Sub-Fund's net assets attributable to unitholders of the relevant class. Class A HKD Units are subject to management fee at 1.5% per annum.

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

Redemption of units are processed on each business day (Dealing Date) and redemption proceeds are usually settled within 5 business days from the Dealing Date.

The Manager maintains the right to limit redemption up to 10% of total number of units in issue on dealing day prorated by investors' redemptions on the same dealing day. Any units not redeemed which would have otherwise been redeemed will be carried forward for redemption, subject to the same limitation on the next succeeding dealing day(s) until initial redemption request has been satisfied in full.

Distributions to unitholders

The Manager does not intend to make distribution in respect of the Sub-Fund and any income earned by the Sub-Fund will be reinvested in that Sub-Fund and reflected in the value of units of the relevant classes of that Sub-Fund.

Proceeds and payments on issue and redemption of units

The net asset value of the Sub-Fund is computed daily. Prices for issues and redemption are based on the latest available valuation of the Sub-Fund. Proceeds and payment for units issued and redeemed are shown as movements in the statement of changes in equity.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Summary of significant accounting policies (Continued)

(j) Taxation

The Sub-Fund currently incurs withholding taxes imposed by PRC on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included as "Taxation" in the statement of comprehensive income.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3 Financial risk management

(a) Strategy in using financial instruments

The Sub-Fund's objective in managing risk is the creation and protection of unitholder value. Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to relevant controls. The process of risk management is critical to the Sub-Fund's continuing profitability.

The investments in the Sub-Fund are subject to normal market fluctuations and other risks inherent in trading in securities and derivatives. There can be no assurance that any appreciation in value will occur. The value of investments may fluctuate and therefore the value of the units can fall as well as rise.

(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 Sub-Fund's market price risk is managed through diversification of the investment portfolio. The Sub-Fund's overall market positions are monitored on a regular basis by the Manager.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (Continued)

(b) Market price risk (Continued)

As at 31 December 2022 and 2021, the Sub-Fund invested only in listed equities. The net exposures to industry sectors at 31 December 2022 and 2021 was as follows:

| | 2022 % of net asset value | 2021 % of net asset value |
|------------------------|---------------------------------|---------------------------------|
| Consumer Discretionary | 11.47 | 12.14 |
| Consumer Staples | 14.22 | 18.45 |
| Financials | 9.65 | - |
| Health Care | 13.05 | 20.49 |
| Industrials | 34.52 | 2.8 |
| Materials | 5.56 | 15.81 |
| Technology | 8.04 | 20.75 |
| Total | <u>96.51</u> | <u>90.44</u> |

The Sub-Fund's net assets attributable to unitholders is impacted by the increases/decreases of the underlying securities to which the Sub-Fund is exposed. As at 31 December 2022, if the underlying securities had increased/decreased by 10% (2021: 5%), the Sub-Fund's pre-tax profits for the year would have resulted in an increase/decrease of RMB492,306 (2021: RMB319,496).

The Manager has used their view of what would be a "reasonable possible shift" in each key market to estimate the change for use in the market sensitivity analysis.

(c) Interest rate risk

Interest rate risk arise from the possibility that changes in interest rates will affect future cash flows on the fair values of financial instrument.

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

As at 31 December 2022, the Sub-Fund had bank balances of RMB192,953 (2021: RMB903,793) and is therefore exposed to minimal interest rate risk on these bank balances.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (Continued)

(d) Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund mainly invests in securities and other investments that are denominated in RMB, the functional currency of the Sub-Fund. Accordingly, the Manager considers that the sub-fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

(e) Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty to a financial instrument will cause a financial loss for the Sub-Fund by failing to discharge an obligation.

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of investments and cash and cash equivalent. The Sub-Fund limits its exposure to credit risk by transacting the majority of its investments and contractual commitment activities with brokers, banks and regulated exchanges with high credit ratings and that the Sub-Fund considers to be well established.

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

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2022 and 2021, interest receivables and cash and cash equivalent are held with counterparties with a credit rating at or above investment grade and are due to be settled within 1 month. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

As at 31 December 2022, the Sub-Fund place cash and cash equivalents of RMB133,806 (2021: RMB788,169) and financial assets RMB4,685,256 (2021: RMB6,230,839) with Bank of Communications Co., Ltd, the custodian of the Sub-Fund. The Sub-Fund also place cash and cash equivalents of RMB59,147 (2021: RMB115,624) with Bank of Communications Co., Ltd., Hong Kong Branch ("the bank"). As at 31 December 2022 and 2021, the credit rating of the custodian and the bank are at above investment grade with reference to the rating agencies.

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of financial position.

None of the assets is impaired nor past due but not impaired.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (Continued)

(f) Liquidity risk

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to cash redemptions of its redeemable units on a regular basis. Units are redeemable at the holder's option based on the Sub-Fund's net asset value per unit at the time of redemption calculated in accordance with the Sub-Fund's Trust Deed.

The Manager monitors the Sub-Fund's liquidity position on a daily basis. The Manager may limit the aggregate number of units relating to the Sub-Fund redeemed on any dealing day to 10% of the total value of the units in issue of the Sub-Fund. In this event, the limitation will apply pro rata so that all unitholders wishing to redeem units on that dealing day will redeem the same proportion by value of those units, and units not redeemed are carried forward for redemption, subject to the same limitation, on the next dealing day.

The table below analyses the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

| | Less than 1 month RMB | Over 1 month and less than 1 year RMB | Total RMB |
|-------------------------------|-----------------------------|--|----------------|
| As at 31 December 2022 | | | |
| Amount due to broker | 149,077 | - | 149,077 |
| Management fee payable | 11,936 | - | 11,936 |
| Sub-custodian fee payable | 371 | - | 371 |
| Other payables and accruals | 2,914 | - | 2,914 |
| | <u>164,298</u> | <u>-</u> | <u>164,298</u> |
| As at 31 December 2021 | | | |
| Management fee payable | - | 8,847 | 8,847 |
| Sub-custodian fee payable | - | 531 | 531 |
| Other payables and accruals | - | 241,529 | 241,529 |
| | <u>-</u> | <u>250,907</u> | <u>250,907</u> |

Units are redeemed on demand at the unitholder's option, however, the Manager does not envisage that the contractual maturity disclosed in the tables above will be representative of the actual cash outflows, as the unitholders typically retain their units for the medium to long term. With a view to protecting the interest of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of units of the Sub-Funds redeemed on any dealing day to 10% of the total number of units in issue. As at 31 December 2022, there was 1 (2021: 1) unitholder holding more than 10% of the Sub-Fund's units.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (Continued)

(f) Liquidity risk (Continued)

The following table illustrates the expected liquidity of assets held:

| | Less than 1 month RMB | Over 1 month and less than 1 year RMB | Total RMB |
|-------------------------------|-----------------------------|--|------------------|
| As at 31 December 2022 | | | |
| Total assets | <u>4,985,927</u> | <u>4,990</u> | <u>4,990,917</u> |
| As at 31 December 2021 | | | |
| Total assets | <u>7,134,700</u> | <u>5,914</u> | <u>7,140,614</u> |

(g) Fair value estimation

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

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

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 less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (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).

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Financial risk management (Continued)

(g) Fair value estimation (Continued)

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

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

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value at 31 December 2022 and 2021:

| | Level 1 RMB | Level 2 RMB | Level 3 RMB | Total RMB |
|---|----------------|----------------|----------------|--------------|
| As at 31 December 2022 | | | | |
| Financial assets at fair value through profit or loss - Equity securities | 4,658,256 | - | - | 4,658,256 |
| As at 31 December 2021 | | | | |
| Financial assets at fair value through profit or loss - Equity securities | 6,230,839 | - | - | 6,230,839 |

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

During the year ended 31 December 2022 and 2021, there were no transfers between levels.

Other financial assets and liabilities are carried at amortised cost, their carrying values are a reasonable approximation of fair values and are presented in the statement of financial position.

(h) Capital risk management

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

- (i) To invest the capital in investments for achieving its investment objectives;
- (ii) To achieve consistent returns while safeguarding capital by investing in diversified portfolio, by participating in derivatives and other capital markets and by using various investment strategies and hedging techniques; and
- (iii) To maintain sufficient liquidity to meet the expenses of the Sub-Fund and redemption requests as they arise.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Net losses on financial assets at fair value through profit or loss

| | Year ended 31 December 2022 RMB | Year ended 31 December 2021 RMB |
|--|--|--|
| Change in unrealised losses of financial assets at fair value through profit or loss | (118,103) | (2,711,575) |
| Net realised (losses)/gains on sale of financial assets at fair value through profit or loss | (1,362,312) | 1,910,085 |
| | <u>(1,480,415)</u> | <u>(801,490)</u> |

5 Taxation

(a) Hong Kong

No provision for Hong Kong profits tax has been made for the Sub-Fund as it is authorised as collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

(b) PRC

The Sub-Fund invest in A-Shares listed in the PRC and are subjected to 10% withholding tax on dividend income derived from A-Shares. Withholding tax was charged on dividend income received from A-Shares during the period.

No tax provision has been made on the realised or unrealised gains derived from China A-Shares for the year ended 31 December 2022 and 2021 as these gains are exempt from Corporate Income Tax pursuant to Caishui 2016 No. 79 ("Circular 79").

Furthermore, according to the notice Caishui [2016] No.36 ("Circular 36"), Value-Added Tax ("VAT") at 6% shall be levied on the difference between the selling and buying prices of those marketable securities starting from 1 May 2016. The gains derived by QFIIs/RQFIIs and through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect from trading of marketable securities (including A-shares and other PRC listed securities) are exempted from VAT in the PRC under Circular 36 and other prevailing VAT regulations. Dividend income or profit distributions on equity investment derived from the PRC are not included in the taxable scope of VAT under Circular 36.

6 Transactions with the Trustee, Manager and connected persons

The following is a summary of transactions entered into during the year between the Sub-Fund and its related parties including the Manager, the Investment delegate, Trustee/Custodian, Directors of the scheme 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. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with the connected persons except for those disclosed below:

All such transactions were entered into in the ordinary course of business and on normal commercial terms.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Transactions with the Trustee, Manager and connected persons (Continued)

(a) Management fee

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

The management fee charged for the year was RMB76,211 (2021: RMB111,604). As at 31 December 2022, the management fee of RMB11,936 (2021: RMB8,847) was payable to the Manager.

(b) Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, at a rate of 0.11% per annum for Class A HKD Units of the net asset value of the Sub-Fund and subject to a minimum monthly fee of RMB14,000 for each class of units calculated with effective from 18th February 2019 and accrued on each dealing day and are paid monthly in arrears. For the year ended 31 December 2018 and the period from 1st January 2019 to 17th February 2019, the minimum monthly trustee fee for each class of units were US\$4,000 for each class of units. The trustee fee for the year ended 31 December 2022 amounted to RMB167,999 (2021: RMB56,153). For the year ended 31 December 2022 the trustee fee of the Sub-Fund was borne by the Manager.

(c) Sub-custodian fee

Bank of Communications Co., Ltd (The "RQFII Custodian"), a holding company of Bank of Communications Trustee Limited, acts as a custodian to the Sub-Fund. The custodian fee comprises of sub-custodian fees charged by the RQFII Custodian, at a rate of 0.09% per annum of the net asset value of the RQFII custodian account of the Sub-Fund.

The sub-custodian fee for the year was RMB4,637 (2021: RMB6,830). As at 31 December 2022, the sub-custodian fee RMB371 (2021: RMB531) was payable to RQFII Custodian.

(d) Holding in the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund. The holdings in the Sub-Fund by the Manager and its connected person at the reporting date were as follows.

As at 31 December 2022 and 2021, no unit was held by the Manager, its connected persons and other funds managed by the Manager.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Transactions with the Trustee, Manager and connected persons (Continued)

(e) Investment transactions with connected persons of the Manager

In its purchases and sales of investments, the Sub-Fund utilizes the brokerage services of connected person of the Manager. Details of transactions effected through this company are as follows:

| | Aggregate value of purchase and sales of securities RMB | Total commission paid RMB | % of Sub- Fund's total transactions during the year % | Average commission rate % |
|--|--|------------------------------------|--|------------------------------------|
| 2022 | | | | |
| Shenwan Hongyuan Securities Co., Ltd. | 21,319,220 | 17,056 | 100 | 0.08 |
| 2021 | | | | |
| Shenwan Hongyuan Securities Co., Ltd. | 24,682,290 | 19,746 (note) | 100 | 0.08 |

Note: Included in the commission and brokerage fee in the statement of comprehensive income for the year ended 31 December 2021 an amount of RMB15,143 representing transaction handling fee paid to the connected person of the Manager in 2021.

As at 31 December 2022, the amounts due from/(to) a broker represent unsettled trades with connected person of the Manager as at year end date.

(f) Bank deposits and investments held by the Trustee's affiliates

The Sub-Fund's bank deposits and investments were held by Bank of Communications Co., Ltd and Bank of Communications Co., Ltd., Hong Kong Branch, which are under the same group of Trustee and Bank of Communications Co., Ltd., the ultimate holding company of the Trustee. Further details of the balances held are described in Note 3(e) to the financial statements. During the year, interest income on these bank balances was amounted to RMB1,582 (2021: RMB1,507) and bank charges on the transactions made under the bank account was RMB1,963 (2021: RMB4,557). As at 31 December 2022, the interest income from bank deposits of RMB10 (2021: RMB68) was receivable from the bank.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Soft commission arrangements

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

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

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

8 Distribution to unitholders

During the year ended 31 December 2022 and 2021, the Sub-Fund did not make any distribution.

9 Approval of financial statements

The financial statements of the Sub-Fund were approved by the Trustee and the Manager on 28 April 2023.

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2022**

| Investments | Holdings | Fair value RMB | % of net asset value |
|---|-----------------|---------------------------|-------------------------------------|
| Listed Equity securities | | | |
| China | | | |
| China Life Insurance Co Ltd | 9,000 | 334,080 | 6.92 |
| China Tourism Group Duty Free Corporation Limited | 1,300 | 280,839 | 5.82 |
| Chongqing Brewery Co.Ltd | 2,000 | 254,760 | 5.28 |
| Haier Smart Home Co., Ltd. | 11,140 | 272,484 | 5.65 |
| Jiangshan Oupai Door Industry Co. Ltd. | 6,000 | 368,400 | 7.63 |
| Kweichow Moutai Co Ltd | 250 | 431,750 | 8.94 |
| Ningbo Orient Wires & Cables Co.,Ltd. | 6,500 | 440,895 | 9.13 |
| Wuxi NCE Power Co Ltd | 5,000 | 387,900 | 8.04 |
| Beijing Oriental Yuhong Waterproof Technology Co., Ltd. | 8,000 | 268,560 | 5.56 |
| Guangdong Kinlong Hardware Products Co Ltd | 2,000 | 207,900 | 4.31 |
| Hangzhou Tigermed Consulting Co Ltd | 4,200 | 440,160 | 9.12 |
| Monalisa Group Co Ltd | 15,500 | 278,690 | 5.77 |
| Ping An Bank Co Ltd | 10,000 | 131,600 | 2.73 |
| Shenzhen Mindray Bio-Medical Electronics Co. Ltd. | 600 | 189,582 | 3.93 |
| Suzhou Maxwell Technologies Co Ltd | 900 | 370,656 | 7.68 |
| Total investment portfolio, at fair value | | 4,658,256 | 96.51 |
| Other net assets | | 168,363 | 3.49 |
| Net assets value as at 31 December 2022 | | 4,826,619 | 100 |
| Total investment at cost | | 4,754,268 | |

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

| | % holdings of net assets as at 31 December 2022 | % holdings of net assets as at 31 December 2021 |
|--------------------------------|--|--|
| <u>Industry Sector</u> | | |
| Consumer Discretionary | 11.47 | 12.14 |
| Consumer Staples | 14.22 | 18.45 |
| Financials | 9.65 | - |
| Health Care | 13.05 | 20.49 |
| Industrials | 34.52 | 2.8 |
| Materials | 5.56 | 15.81 |
| Technology | 8.04 | 20.75 |
| | <hr/> | <hr/> |
| Total investment portfolio | 96.51 | 90.44 |
| Other net assets/(liabilities) | 3.49 | 9.56 |
| | <hr/> | <hr/> |
| Net assets | <u>100</u> | <u>100</u> |

**SHENYIN WANGUO RQFII A SHARE STRATEGY FUND
(A SUB-FUND OF SWS STRATEGIC INVESTMENT FUNDS)**

**PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Net asset value

(calculated in accordance with the Sub-Fund's explanatory memorandum)

| | Net asset value per unit | Total net asset value |
|---|-----------------------------|--------------------------|
| As at 31 December 2022 CLASS A HKD UNITS | HKD 74.594 | HKD 5,443,965 |
| As at 31 December 2021 CLASS A HKD UNITS | HKD 102.719 | HKD 8,427,776 |
| As at 31 December 2020 CLASS A HKD UNITS | HKD 115.218 | HKD 9,808,375 |

Highest issue price and lowest redemption price per unit

(calculated in accordance with the Sub-Fund's explanatory memorandum)

| | Highest issue price per unit | Lowest redemption price per unit |
|--|------------------------------------|---|
| Year ended 31 December 2022 CLASS A HKD UNITS | HKD 100.014 | HKD 62.772 |
| Year ended 31 December 2021 CLASS A HKD UNITS | HKD 126.129 | HKD 96.212 |
| Year ended 31 December 2020 CLASS A HKD UNITS | HKD 115.218 | HKD 77.262 |
| Year ended 31 December 2019 CLASS A HKD UNITS | HKD 92.573 | HKD 67.772 |
| Year ended 31 December 2018 CLASS A HKD UNITS | HKD 112.602 | HKD 69.106 |
| Year ended 31 December 2017 CLASS A HKD UNITS | HKD 107.688 | HKD 82.732 |
| Period from 8 June 2016 (date of inception) to 31 December 2016 CLASS A HKD UNITS | HKD 101.298 | HKD 82.827 |