

CMSAM(HK) FUNDS SERIES 1 OFC
(a Hong Kong public umbrella open-ended fund
company with variable capital, limited liability and
segregated liability between sub-funds and authorized
under section 104 of the Securities and Futures
Ordinance (Cap. 571) of Hong Kong)

REPORTS AND AUDITED FINANCIAL STATEMENTS

CMS HANG SENG TECH INDEX ETF
Stock Code: 3423

(A Sub-Fund of CMSAM(HK) Funds Series 1 OFC)

For the period from 11 March 2025 (incorporation date) to 31 December 2025

Report of the Manager to the Shareholders

CMS Hang Seng Tech Index ETF

---a Sub-Fund of CMSAM(HK) Funds Series 1 OFC

Introduction

The CMS Hang Seng Tech Index ETF (the “Sub-Fund”) is a Sub-Fund of CMSAM(HK) Funds Series 1 OFC (the “Company”), a public umbrella open-ended fund company established under Hong Kong law with variable capital with limited liability and segregated liability between Sub-Fund. The Sub-Fund is a passively managed ETF falling within Chapter 8.6 of the Code on Unit Trusts and Mutual Funds issued by the SFC (the “Code”). Shares of the Sub-Fund (the “Shares”) are traded on The Stock Exchange of Hong Kong Limited (the “SEHK”) like stocks. The Sub-Fund (stock code: 03423) commenced trading on the SEHK on 28 March 2025. The Sub-Fund is an index-tracking fund that seeks to track the performance of the Hang Seng TECH Index (the “Index”).

Performance of the Sub-Fund

The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of Index, as measured by the performance of the Index. There is no assurance that the Sub-Fund will achieve its investment objective.

Below is the performance of the Sub-Fund (Total returns in respective currency¹):

	1-Month	3-Month	Since Launch ²
The Index	(1.44%)	(14.63%)	1.10%
HKD Counter of the Sub-Fund (Change in NAV per unit)	(1.53%)	(14.82%)	0.37%
HKD Counter of the Sub-Fund (Change in market price)	(1.79%)	(14.74%)	2.49%

According to Bloomberg, the average daily trading volume of the Sub-Fund was 173,379 shares from the period from 28 March 2025 (inception date) to 31 December 2025. As of 31 December 2025, there were 25,320,984 shares outstanding.

¹ Source: Bloomberg, as of 31 December 2025. Performances of the benchmark Index and Sub-Fund are calculated in HKD. Past performance figures shown are not indicative of the future performance of the Sub-Fund.

² Calculated since 28 March 2025.

Report of the Custodian to the Shareholders

We hereby confirm that, in our opinion, the Custodian of the Company and its Sub-Fund has in all material respects managed the Company and its Sub-Fund, in accordance with the provisions of the Instrument of Incorporation, as amended and restated, during the period from 11 March 2025 (incorporation date) to 31 December 2025:

For and on behalf of
HSBC Institutional Trust Services (Asia) Limited (the “Custodian”)
in its capacity as Custodian of CMSAM(HK) Funds Series 1 OFC



Independent auditor's report to the shareholders of CMSAM(HK) Funds Series 1 OFC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CMSAM(HK) Funds Series 1 OFC (the "Company") for the period from 11 March 2025 (incorporation date) to 31 December 2025 and its sub-fund (the Sub-Fund") for the period from 28 March 2025 (inception date) to 31 December 2025 set out on pages 8 to 32, which comprise the statement of assets and liabilities as at 31 December 2025, and the statement of comprehensive income, the statement of changes in net assets attributable to shareholders and statement of cash flows for the period then ended, and notes, comprising 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 Company and its Sub-Fund as at 31 December 2025, and of their financial performance and cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Boards ("IASB").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the Hong Kong Institute of Certified Public Accountants ("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 Company and its Sub-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.

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.



**Independent auditor's report to the shareholders of
CMSAM(HK) Funds Series 1 OFC (continued)**

Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)

Existence and valuation of investments	
<i>Refer to note 12 to the financial statements and the accounting policies in note 2(g)(iv) on page 18.</i>	
The Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2025, the investment portfolio represented 99.78% of the net assets of the Sub-Fund, and is the key driver of the Sub-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 Sub-Fund's financial statements and because the value of the investment portfolio as at 31 December 2025 is a key performance indicator of the Sub-Fund.</p>	<p>Our audit procedures to assess the existence and valuation of the investments included the following:</p> <ul style="list-style-type: none">• obtaining an understanding of the control objectives and related controls relevant to our audit of the Sub-Fund by reading the service organisation internal control report provided by the administrator setting out the controls in place, and the independent service auditor's assurance report over the design and operating effectiveness of those controls;• evaluating the tests undertaken by the service auditor, the results of tests undertaken and opinions formed by the service auditor on the design and operating effectiveness of the controls, to the extent relevant to our audit of the Sub-Fund;• obtaining independent confirmations from the custodians of the investment portfolio held at 31 December 2025, and agreeing the Sub-Fund's holdings of investments to those confirmations; and• assessing the valuations of investments by comparing the Sub-Fund's valuations with the prices obtained from independent pricing sources.

Information other than the financial statements and auditor's report thereon

The Directors of the Company and the Manager of the Sub-Fund are responsible for the other information. The other information comprises all 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 shareholders of CMSAM(HK) Funds Series 1 OFC (continued)

Responsibilities of Directors and Manager and those charged with governance for the financial statements

The Directors of the Company and the Manager of the Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the Directors and the Manager determine 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 Directors of the Company and the Manager of the Sub-Fund are responsible for assessing the Company's and its Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Directors either intend to liquidate the Company and its Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Directors of the Company and the Manager of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Company's and its Sub-Fund's instrument of incorporation dated 13 March 2025, Part 7 of the Securities and Futures (Open-ended Fund Companies) Rules ("OFC Rules"), Appendix E of the Code on Unit Trusts and Mutual Funds ("UT Code") and Chapter 9 of the Code on Open-Ended Fund Companies ("OFC Code") issued by the Hong Kong Securities and Futures Commission.

Those charged with governance are responsible for overseeing the Company's and its Sub-Fund's financial reporting process.

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, 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 Company and its Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Company's instrument of incorporation, Part 7 of the OFC Rules, Appendix E of the UT Code and Chapter 9 of the OFC Code.



**Independent auditor's report to the shareholders of
CMSAM(HK) Funds Series 1 OFC (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 HKSAAs, 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.
- 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 Company's and its Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Directors.
- Conclude on the appropriateness of the Directors' and 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 Company's and its 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 Company and its 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 Directors of the Company and the Manager of the Sub-Fund 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 Directors of the Company and the Manager of the Sub-Fund 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 Directors of the Company and the Manager of the Sub-Fund, 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 shareholders of
CMSAM(HK) Funds Series 1 OFC (continued)**

Report on matters under the relevant disclosure provisions of the Company's and its Sub-Fund's instrument of incorporation, Part 7 of the OFC Rules, Appendix E of the UT Code and Chapter 9 of the OFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Company's and its Sub-Fund's instrument of incorporation, Part 7 of the OFC Rules, Appendix E of the UT Code and Chapter 9 of the OFC Code.

The engagement partner on the audit resulting in this independent auditor's report is KO, Sze Man (practising certificate number: P06288)

Certified Public Accountants

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

**Statement of Assets and Liabilities
as at 31 December 2025**

	<i>Notes</i>	CMSAM(HK) Funds Series 1 OFC ⁽¹⁾ 2025 HKD	CMS Hang Seng Tech Index ETF ⁽²⁾ 2025 HKD
Assets			
Financial assets at fair value through profit or loss	5	-	249,012,580
Interest receivable	6(d)	-	1
Other receivable		-	655
Cash and cash equivalents	6(d)	-	1,344,815
Total assets		-	250,358,051
Liabilities			
Management fee payable	6(a)	-	254,598
Administration fee payable	6(b)	-	18,210
Accrued expenses and other payables		-	511,157
Total liabilities (excluding net assets attributable to shareholders)		-	783,965
Net assets attributable to shareholders			
Financial liabilities		-	249,574,086

Approved and authorised for issue by the Directors on

----- V As Directors of CMSAM(HK) Funds Series 1 OFC	----- CMS Asset Management (HK) Co., Limited As the Manager of the Sub-Fund
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⁽¹⁾ The incorporation date for CMSAM(HK) Funds Series 1 OFC ("the Company") was 11 March 2025. The Company was authorised by the Hong Kong Securities and Futures Commission (the "SFC") on 21 March 2025.

⁽²⁾ The inception date for CMS Hang Seng Tech Index ETF ("the Sub-Fund") was 28 March 2025. The Sub-Fund was authorised by the SFC on 21 March 2025.

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

**Statement of Comprehensive Income
for the period from 11 March 2025 (incorporation date) to 31 December 2025**

	<i>Notes</i>	CMSAM(HK) Funds Series 1 OFC ⁽¹⁾ 2025 HKD	CMS Hang Seng Tech Index ETF ⁽²⁾ 2025 HKD
Income			
Net gain from financial assets at fair value through profit or loss	3	-	5,656,297
Dividend income		-	5,470,678
Interest income	6(d)	-	10,456
Net foreign exchange loss		-	(2,579)
Other incomes		-	689,838
Total income		-	11,824,690
EXPENSES			
Management fee	6(a)	-	3,105,644
Administration fee	6(b)	-	221,916
Registrar fee	6(b)	-	310
Safe custody and bank charges	6(b)	-	87,656
Transaction cost	6(b), (c)	-	1,608,615
Establishment cost	9	-	627,329
Auditor's remuneration		-	158,324
Performance fee		-	45,646
Other operating expenses	6(b)	-	404,132
Total operating expenses		-	6,259,572
Profit from operations		-	5,565,118
Taxation	4	-	(174,638)
Profit and total comprehensive income for the period		-	5,390,480

⁽¹⁾ The incorporation date for the Company was 11 March 2025. The Company was authorised by the SFC on 21 March 2025.

⁽²⁾ The inception date for the Sub-Fund was 28 March 2025. The Sub-Fund was authorised by the SFC on 21 March 2025.

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

**Statement of Changes in Net Assets Attributable to Shareholders
for the period from 11 March 2025 (incorporation date) to 31 December 2025**

	<i>Notes</i>	CMSAM(HK) Funds Series 1 OFC ⁽¹⁾ 2025 HKD	CMS Hang Seng Tech Index ETF ⁽²⁾ 2025 HKD
Balance at the beginning of the period		-	-
Profit and total comprehensive income for the period		-	5,390,480
		-----	-----
Subscriptions and redemptions by shareholders			
Subscriptions of shares	8	-	730,584,336
Redemptions of shares	8	-	(486,400,730)
		-----	-----
Net subscriptions by shareholders		-	244,183,606
		-----	-----
Balance at the end of the period		-	249,574,086
		=====	=====

⁽¹⁾ The incorporation date for the Company was 11 March 2025. The Company was authorised by the SFC on 21 March 2025.

⁽²⁾ The inception date for the Sub-Fund was 28 March 2025. The Sub-Fund was authorised by the SFC on 21 March 2025.

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

**Statement of Changes in Net Assets Attributable to Shareholders
for the period from 11 March 2025 (incorporation date) to 31 December 2025 (continued)**

	CMSAM(HK) Funds Series 1 OFC ⁽¹⁾ 2025 Shares	CMS Hang Seng Tech Index ETF ⁽²⁾ 2025 Shares
Listed class		
Number of shares in issue at the beginning of the period	-	-
Shares subscribed during the period	-	74,140,000
Shares redeemed during the period	-	(48,940,000)
	<hr/>	<hr/>
Number of shares in issue at end of the period	-	25,200,000
	<hr/> <hr/>	<hr/> <hr/>
Net asset value per share ⁽³⁾	-	9.8600
	<hr/> <hr/>	<hr/> <hr/>
Unlisted class - Class A HKD		
Number of shares in issue at the beginning of the period	-	-
Shares subscribed during the period	-	10,000
Shares redeemed during the period	-	-
	<hr/>	<hr/>
Number of shares in issue at end of the period	-	10,000
	<hr/> <hr/>	<hr/> <hr/>
Net asset value per share ⁽³⁾	-	9.0874
	<hr/> <hr/>	<hr/> <hr/>
Unlisted class - Class I HKD		
Number of shares in issue at the beginning of the period	-	-
Shares subscribed during the period	-	100,000
Shares redeemed during the period	-	-
	<hr/>	<hr/>
Number of shares in issue at end of the period	-	100,000
	<hr/> <hr/>	<hr/> <hr/>
Net asset value per share ⁽³⁾	-	9.0994
	<hr/> <hr/>	<hr/> <hr/>
Unlisted class - Class M HKD		
Number of shares in issue at the beginning of the period	-	-
Shares subscribed during the period	-	10,984
Shares redeemed during the period	-	-
	<hr/>	<hr/>
Number of shares in issue at end of the period	-	10,984
	<hr/> <hr/>	<hr/> <hr/>
Net asset value per share ⁽³⁾	-	9.1085
	<hr/> <hr/>	<hr/> <hr/>

⁽¹⁾ The incorporation date for the Company was 11 March 2025. The Company was authorised by the SFC on 21 March 2025.

⁽²⁾ The inception date for the Sub-Fund was 28 March 2025. The Sub-Fund was authorised by the SFC on 21 March 2025.

⁽³⁾ The net asset value per share is rounded to the nearest 4 decimal places in accordance with the Prospectus.

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

Statement of Cash Flows
for the period from 11 March 2025 (incorporation date) to 31 December 2025 (continued)

	CMSAM(HK) Funds Series 1 OFC ⁽¹⁾ 2025 HKD	CMS Hang Seng Tech Index ETF ⁽²⁾ 2025 HKD
Operating activities		
Profit and total comprehensive income for the period	-	5,565,118
Adjustments for:		
Dividend income	-	(5,470,678)
Interest income	-	(10,456)
Net gain from financial assets at fair value through profit or loss	-	(5,656,297)
Operating loss before changes in working capital	-	(5,572,313)
Purchase of financial assets at fair value through profit or loss	-	(877,771,712)
Proceeds from sale of financial assets at fair value through profit or loss	-	634,415,429
Increase in other receivable	-	(655)
Increase in accrued expenses and other accounts payable	-	511,157
Increase in administration fee payable	-	18,210
Increase in management fee payable	-	254,598
Net cash used in operations	-	(248,145,286)
Dividend income received, net of withholding tax	-	5,296,040
Interest income received	-	10,455
Net cash used in operating activities	-	(242,838,791)
Financing activities		
Proceeds from subscriptions of shares	-	730,584,336
Payments on redemptions of shares	-	(486,400,730)
Net cash generated from financing activities	-	244,183,606
Net increase in cash and cash equivalents	-	1,344,815
Cash and cash equivalents at the beginning of the period	-	-
Cash and cash equivalents at the end of the period	-	1,344,815
Analysis of balances of cash and cash equivalents		
Cash at bank	-	1,344,815

⁽¹⁾ The incorporation date for the Company was 11 March 2025. The Company was authorised by the SFC on 21 March 2025.

⁽²⁾ The inception date for the Sub-Fund was 28 March 2025. The Sub-Fund was authorised by the SFC on 21 March 2025.

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

Notes to the financial statements

1 General information

CMSAM(HK) Funds Series 1 OFC (the “Company”) is a public umbrella open-ended fund company with variable capital and limited liability, regulated under the Hong Kong Securities and Futures Ordinance (the “SFO”). The Company is established with an umbrella structure and the Sub-Fund of the Company have segregated liability. The Company is incorporated pursuant to an Instrument of Incorporation filed to the Companies Registry of Hong Kong on and effective as of 11 March 2025 (the “Instrument”) with registration number 77826336.

There was one Sub-Fund created under the Company as at 31 December 2025. The Sub-Fund was launched and listed on the date set out below:

Name of Sub-Fund	Launch and listing date
CMS Hang Seng Tech Index ETF	31 March 2025

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Hang Seng TECH Index (the “Index”).

The Sub-Fund is authorised by the Hong Kong Securities and Futures Commission (the “SFC”) under section 104 of the SFO. It is governed by the relevant provisions of the Code on Open Ended Fund Companies (the “OFC Code”) and the Code on Unit Trusts and Mutual Funds (the “UT Code”) issued by the SFC.

CMS Asset Management (HK) Co. (the “Manager”) is licensed by the SFC to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

The Company has appointed the Manager to carry out investment management functions and manage the Sub-Fund and to provide asset valuation and pricing functions pursuant to the Investment Management Agreement.

The Company has appointed HSBC Institutional Trust Services (Asia) Limited (the “Custodian”) as the Custodian of the Sub-Fund. HSBC Institutional Trust Services (Asia) Limited is incorporated in Hong Kong and is registered as a trust company under the Trustee Ordinance (Cap. 29) of Hong Kong. The Custodian is an indirect wholly-owned subsidiary of HSBC Holdings plc.

The Custodian shall act as custodian of the assets of the Sub-Fund in respect of which it has been so appointed, pursuant to the Custody Agreement. The Custodian is responsible for the safekeeping of the assets of the Sub-Fund, and such assets will be dealt with pursuant to the terms in the Custody Agreement. The Custodian must take reasonable care, skill and diligence to ensure the safekeeping of the relevant Sub-Fund property entrusted to it.

The Company has appointed the Hongkong and Shanghai Banking Corporation Limited (the “Administrator”) as the Administrator of the Sub-Fund. Hongkong and Shanghai Banking Corporation Limited is incorporated in Hong Kong. The Administrator is an indirect wholly-owned subsidiary of HSBC Holdings plc.

The Administrator performs accounting, administrative, transfer agent and other services for the Company pursuant to the Administration Agreement. The Administrator is entitled to administrator’s fee charged at rates agreed between the Company on behalf of and for the account of the Sub-Fund and the Administrator from time to time.

2 Material accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”), and the relevant disclosure provisions of the OFC Code and the UT code issued by the SFC. These are the Company’s and the Sub-Fund’s first financial statements prepared in accordance with IFRS Accounting Standards.

The IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Company and the Sub-Fund. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Company and the Sub-Fund for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The financial statements of the Company and Sub-Fund are presented in Hong Kong dollars (“HKD”) and rounded to the nearest dollar, which is the Company and Sub-Fund’s functional and presentation currency

The measurement basis used in the preparation of these financial statements is the historical cost basis except that financial instruments classified as designated at fair value through profit or loss are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Company and the Sub-Fund have not applied any new standard or interpretation that is not yet effective for the current accounting period (Note 21).

2 Material accounting policies (continued)

(d) 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 Company and the Sub-Fund operate (the “functional currency”). The performance of the Company and the Sub-Fund are measured and reported to the unitholders of redeemable shares 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 Company and the Sub-Fund’s functional and presentation currency.

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 period end date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income. Foreign exchange gains and losses relating to the financial assets at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/losses from financial assets at fair value through profit or loss”.

(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 unconditionally.

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

Other incomes are accounted for in the statement of comprehensive income when the performance obligation is satisfied.

(f) Expenses

Expenses are accounted for in the statement of comprehensive income on an accrual basis.

2 Material accounting policies (continued)

(g) Financial instruments

(i) Classification

On initial recognition, the Company and the Sub-Fund classify 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 Company and the Sub-Fund are 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 Company and the Sub-Fund consider 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 Company and the Sub-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;
- 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 Company and the Sub-Fund’s continuing recognition of the assets.

The Company and the Sub-Fund have determined that it has two business models.

- Held-to-collect business model: this includes interests receivables, cash and cash equivalents and other receivables. These financial assets are held to collect contractual cash flow.
- Other business model: this includes equity instruments and derivatives. These financial assets are managed and their performance is evaluated, on a fair value basis, with frequent sales taking place.

2 Material accounting policies (continued)

(g) Financial instruments (continued)

(i) Classification (continued)

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 Company and the Sub-Fund consider 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 Company and the Sub-Fund consider:

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

The Company and the Sub-Fund classify its investments based on the business model and contractual cash flows assessment. Accordingly, the Company and the Sub-Fund classify all its investments into financial assets and liabilities at FVTPL category. Financial assets measured at amortised cost include interest receivables, amounts due from brokers, fixed deposits with original maturity more than three months, cash and cash equivalents and prepayment and other receivables.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition unless the Company and the Sub-Fund were to change its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

(ii) Recognition

The Company and the Sub-Fund recognise financial assets and financial liabilities on the date they become a party to the contractual provisions of the instruments.

A regular way purchase or sale of financial assets or financial liabilities at fair value through profit or loss is recognised on a trade date basis. From this date, any gains or losses arising from changes in fair value of the financial assets or financial liabilities at fair value through profit or loss are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of IFRS 9.

2 Material accounting policies (continued)

(g) Financial instruments (continued)

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial assets and liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair values recognised in profit or loss.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate method.

(iv) Fair value measurement principles

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 in the principal or, in its absence, the most advantageous market to which the Company and the Sub-Fund have access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company and the Sub-Fund measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company and the Sub-Fund use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Company and the Sub-Fund recognise transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

Net gains or losses from financial assets at fair value through profit or loss are included in the statement of comprehensive income. The item includes realised gains and losses and net change in unrealised gains and losses from financial assets at fair value through profit or loss. Changes in unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at fair value through profit or loss represent the difference between an instrument's initial carrying amount and disposal amount or cash payments.

(v) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

Assets held for trading that are sold are derecognised and corresponding receivables from brokers are recognised as of the date the Company and the Sub-Fund commit to sell the assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

On derecognition of a financial asset, the difference between the carrying value of the asset and the consideration received is recognised in profit or loss.

2 Material accounting policies (continued)

(g) Financial instruments (continued)

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Company and the Sub-Fund have a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(i) Shares in issue

The Company and the Sub-Fund classify capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments

A puttable financial instrument is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro rata share of the Company's or the Sub-Fund's net assets in the event of the Company's or the Sub-Fund's liquidation.
- The instrument is in the class of instruments that is subordinate to all other classes of instruments.
- All financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The instrument does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Company's or the Sub-Fund's net assets.
- The total expected cash flows attributable to the instrument over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Company and its Sub-Fund over the life of the instrument.

The Sub-Fund has created multiple classes of shares, which rank pari passu in all material respects but have different terms and conditions as set out in the Prospectus. The redeemable shares provide shareholders with the right to require redemption for cash at a value proportionate to the shareholders' share in the Sub-Fund's net assets at each redemption date but also in the event of the Sub-Fund's liquidation.

The redeemable shares of the Sub-Fund are classified as financial liabilities and are measured at the present value of the redemption amounts as at 31 December 2025.

2 Material accounting policies (continued)

(j) Subscriptions and redemptions

Shares are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding shares.

In accordance with the Prospectus of the Sub-Fund, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions of the Sub-Fund.

(k) Distributions to holders of redeemable shares

Distributions to holders of redeemable shares are recognised in the statement of comprehensive income

(l) Taxation

Taxation for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period. Current tax also includes non-recoverable withholding taxes on investment income, capital gains and share dividends. Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

All deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable capital gains will be available against which the asset can be utilised, are recognised.

The amounts of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

(m) Related parties

(a) A person, or a close member of that person's family, is related to the Company and its Sub-Fund if that person:

- (i) has control or joint control over the Company and its Sub-Fund;
- (ii) has significant influence over the Company and its Sub-Fund; or
- (iii) is a member of the key management personnel of the Company and its Sub-Fund or the Company and its Sub-Fund's parent.

2 Material accounting policies (continued)

(m) Related parties (continued)

(b) An entity is related to the Company and its Sub-Fund if any of the following conditions applies:

- (i) The entity and the Company and its Sub-Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of an entity related to the Company and its Sub-Fund.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group which it is a part, provides key management personnel services to the Company and its Sub-Fund or to the Company and its Sub-Fund's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(n) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Sub-Fund's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Sub-Fund's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Net gains from financial assets at fair value through profit or loss

	CMS Hang Seng Tech Index ETF 2025 HKD
Net realised gains from financial assets at fair value through profit or loss	6,701,097
Net change in unrealised losses from financial assets at fair value through profit or loss	(1,044,800)
	<u>5,656,297</u>

4 Taxation

Hong Kong Tax

No provision for Hong Kong Profits Tax has been made in the financial statements as the Sub-Fund have been authorized as a collective investment scheme by the SFC under Section 104 of the Hong Kong Securities and Futures Ordinance. Profits of the Sub-Fund are exempt from Hong Kong profits tax pursuant to Section 26A(1A) of the Inland Revenue Ordinance.

People's Republic of China Tax

The Sub-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 of businesses 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 the PRC Corporate Income Tax Law ("PRC CIT Law"), the Sub-Fund may be liable to pay PRC tax on the capital gains realised from the trading of H-shares and Red Chips.

PRC tax provision

Under the general tax provision of PRC CIT Law, the non-PRC residents with no place of effective management, establishment or place of business in the PRC may be subject to 10% PRC withholding income tax ("WIT") on the capital gain derived from disposal of securities, unless exempt or reduced under current PRC tax laws and regulations or relevant tax treaties.

No provision was made for taxation from such gains in the financial statements as the Manager believes that the exposure to the taxation on capital gains derived from H-Shares and Red Chips are minimal.

WIT of 10% was charged on dividend income received from H-shares and Red Chips during the period ended 31 December 2025 amounted to HKD174,638.

5 Financial assets at fair value through profit or loss

CMS Hang Seng
Tech Index ETF
2025
HKD

Financial assets at fair value through profit or loss

Listed equities	249,012,580
	<hr/>
	249,012,580
	<hr/> <hr/>

6 Transactions with Manager, the Custodian and the Administrator and their Connected Persons

The following is a summary of significant related party transactions or transactions entered into during the period between the Sub-Fund, the Manager, the Custodian, the Administrator and their Connected Persons. Connected Persons are those as defined in the UT Code issued by the SFC.

All transactions during the period between the Sub-Fund, the Manager, the Custodian, the Administrator and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Manager, the Sub-Fund did not have any other transactions with Connected Persons except for those disclosed below. The relevant receivables and payables are unsecured, interest free and repayable on demand.

6 Transactions with Manager, the Custodian and the Administrator and their Connected Persons (continued)

(a) Management fee

The Manager is entitled to receive a management fee in respect of each class of shares calculated at a percentage of the net asset value of that part of the relevant Sub-Fund relating to the relevant class of shares as follows, with a maximum rate of up to 3% per annum of the net assets value of the Sub-Fund.

	% p.a.
Listed class	0.70%
Unlisted class	
Class A - HKD	0.80%
Class I - HKD	0.35%
Class M - HKD	N/A

The management fee is calculated and accrued on each dealing day and payable monthly in arrears. Total management fee charged for the period from 28 March 2025 (inception date) to 31 December 2025 for the Sub-Fund was HKD3,105,644, of which HKD254,598 was outstanding as at 31 December 2025.

(b) Information on transaction with Custodian and Administrator

The Custodian and Administrator of the Sub-Fund are HSBC Institutional Trust Services (Asia) Limited and The Hongkong and Shanghai Banking Corporation Limited respectively. The Administrator is entitled to receive a fee which is charged as a percentage of the net asset value of the Sub-Fund on each valuation day. The Custodian also entitles to receive a fee which is inclusive in administration fee. The fee is calculated and accrued on each valuation day and payable monthly in arrears. As at 31 December 2025, details of such fees incurred during the period and relevant balance at the period end date are as below:

Administration fee rate	0.050% p.a.
Minimum administration fee	HKD19,550 per annum
Administration fee expense for the period	HKD221,916
Administration fee payable at the period end	HKD18,210
Registrar fee expense for the period	HKD310
Registrar fee payable at the period end ⁽¹⁾	HKD1,705
Safe custody and bank charges for the period	HKD87,656
Transaction cost for the period	HKD117,327
Other operating expenses for the period	HKD79,020
Accrued expenses and other payable at the period end	HKD85,949
Financial assets at fair value through profit or loss	HKD249,012,580

⁽¹⁾ Registrar fees payable for the period is presented in statement of assets and liabilities as accrued expenses and other payable.

6 Transactions with Manager, the Custodian and the Administrator and their Connected Persons (continued)

(c) Transaction cost

The Sub-Fund utilise the service of the Hongkong and Shanghai Banking Corporation Limited in their purchase and sale of investment during the year. The details of such transactions are shown below:

2025	Aggregate value of purchases and sales of securities HKD	Total commission paid HKD	% of total value of transactions %	Average commission %
The Hongkong and Shanghai Banking Corporation Limited	<u>728,895,299</u>	<u>117,327</u>	<u>48.20</u>	<u>0.02</u>

(d) Bank balances

The bank balance of a bank account maintained with the Hongkong and Shanghai Banking Corporation Limited. The bank balances as at period end date, interest income earned and bank charged incurred during the period are as below:

	CMS Hang Seng Tech Index ETF 2025 HKD
The Hongkong and Shanghai Banking Corporation Limited	
Bank balance as of period end	1,344,815
Interest income earned during the period	10,456
Interest receivable as of period end	1
Bank charges incurred during the period	Nil

(e) Directors' remuneration

Per instrument of incorporation, each Director of the Company is not entitled to remuneration for their services as director of the Company.

(f) Holding in the Sub-Fund

China Merchants Securities (HK) Co Ltd, affiliated company of Manager, holds 8,405,110 shares of listed class shares which represents 33.19% of the net asset value of total shares of the Sub-Fund as at 31 December 2025.

CMB International Securities Ltd, affiliated company of Manager, holds 80,400 shares of listed class shares which represents 0.32% of the net asset value of total shares of the Sub-Fund as at 31 December 2025.

CMB Wing Lung Bank Ltd, affiliated company of Manager, holds 77,420 shares of listed class shares which represents 0.31% of the net asset value of total shares of the Sub-Fund as at 31 December 2025.

China Merchants Bank Co Ltd, affiliated company of Manager, holds 46,700 shares of listed class shares which represents 0.18% of the net asset value of total shares of the Sub-Fund as at 31 December 2025.

6 Transactions with Manager, the Custodian and the Administrator and their Connected Persons (continued)

(f) Holding in the Sub-Fund (continued)

The Hongkong and Shanghai Banking Corporation Limited, Administrator and Registrar of the Sub-Fund, holds 1,270,671 shares of listed class shares which represents 5.02% of the net asset value of listed class shares of the Sub-Fund as at 31 December 2025.

7 Cash and cash equivalent

	CMS Hang Seng Tech Index ETF 2025 HKD
Bank balances	1,344,815

As at 31 December 2025, cash and cash equivalents represents balances held with the Hongkong and Shanghai Banking Corporation Limited. All of the cash held by the Sub-Fund are deposited with the bank. Bankruptcy or insolvency of the bank any caused the Sub-Fund rights with respect to the cash held by the bank to be delayed or limited. The Sub-Fund's monitor the credit rating of the bank on an ongoing basis. The credit ratings of the bank and the Custodian are at or above investment grade.

8 Capital management and shares in issue

There is no share issued by the Company other than the Sub-Fund accumulation shares classes during the period and as at the reporting date.

The Sub-Fund's capital is represented by "net assets attributable to shareholders" and is classified as financial liabilities as at 31 December 2025 in the statement of assets and liabilities. Subscriptions and redemptions of shares during the period are shown in the statement of changes in net assets attributable to shareholders. In order to achieve the investment objectives, the Sub-Fund endeavors to invest their capital in accordance with the investment policies as outlined in Note 1 and risk management policies as outlined in Note 11, whilst maintaining sufficient liquidity to meet redemption requests and Sub-Fund's other liabilities. Such liquidity is augmented by the holding of liquid investments.

The amount and the movement of net assets attributable to shareholders are stated in the statement of changes in net assets attributable to shareholders. As the redeemable share are redeemed on demand at the shareholders' option, the actual level of redemption may differ significantly from historic experience. Redeemable shares were issued by the Sub-Fund and the movement are shown in the table below.

8 Capital management and shares in issue (continued)

(a) Number of shares in issue and net asset value per share

CMS Hang Seng
Tech Index ETF
For the period from
28 March 2025
(inception date) to 31
December 2025
Shares

Listed class

At 28 March 2025 (inception date)	-
Shares subscribed during the period	74,140,000
Shares redeemed during the period	(48,940,000)
	-
At 31 December 2025	25,200,000
	25,200,000
Net asset value per share (in accordance with IFRS Accounting Standards)	HKD9.8600

Unlisted class - Class A HKD

At 28 March 2025 (inception date)	-
Shares subscribed during the period	10,000
Shares redeemed during the period	-
	10,000
At 31 December 2025	10,000
	10,000
Net asset value per share (in accordance with IFRS Accounting Standards)	HKD9.0874

Unlisted class - Class I HKD

At 28 March 2025 (inception date)	-
Shares subscribed during the period	100,000
Shares redeemed during the period	-
	100,000
At 31 December 2025	100,000
	100,000
Net asset value per share (in accordance with IFRS Accounting Standards)	HKD9.994

Unlisted class - Class M HKD

At 28 March 2025 (inception date)	-
Shares subscribed during the period	10,984
Shares redeemed during the period	-
	10,984
At 31 December 2025	10,984
	10,984
Net asset value per share (in accordance with IFRS Accounting Standards)	HKD9.1085

9 Establishment cost

Establishment costs for the Company and the Sub-Fund were HKD1,433,616 before deducting the Hong Kong government subsidy of HKD806,287 under the grant scheme. The establishment cost of HKD627,329 were fully expensed during the period from 28 March 2025 (inception date) to 31 December 2025 in accordance with IFRS Accounting Standards.

According to the Prospectus of the Sub-Fund for the purpose of calculating the dealing NAV, the net of establishment costs and grants are amortised over the first five accounting periods of the Sub-Fund. As of 31 December 2025, the remaining amortisation period and amount for the Sub-Fund is as below:

	CMS Hang Seng Tech Index ETF
Remaining amortisation period	4.24 years
Remaining amortisation amount	501,406

The differences between expensing the establishment costs as incurred in accordance with IFRS Account Standards and amortisation of the establishment costs as indicated in the Sub-Fund's Prospectus resulted in adjustments in the net asset value (see Note 10).

10 Reconciliation of net asset value

The net asset value presented in the statements of assets and liabilities differs from that quoted for pricing purposes at the year-end. The principles for calculating the Dealing NAV as set out in the Sub-Fund's Prospectus are different from those required for financial reporting purposes under IFRS Accounting Standards. The following reconciliation provides details of the differences:

	CMS Hang Seng Tech Index ETF 31 December 2025 HKD
Net asset value as reported in the financial statements (valued in accordance with IFRS Accounting Standards)	249,574,086
Adjustment of unamortised establishment costs (Note 9)	501,406
	<hr/>
Dealing NAV (valued in accordance with the Prospectus)	250,075,492
	<hr/> <hr/>

11 Financial instruments and associated risks

The Sub-Fund maintains investment portfolios in the constituent stocks of the Index as dictated by its investment management strategy. The Sub-Fund's investment objective is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Index. There is no assurance that the Sub-Fund will achieve its investment objective. The Manager primarily adopts a replication strategy to achieve the investment objective of the Sub-Fund. When there is a change in the constituent stocks of the Index or the weighting of the constituent stocks in the Index, the Manager will be responsible for implementing any adjustment to the Sub-Fund's portfolio of stocks to ensure that the Sub-Fund's investment portfolios closely correspond to the composition of the Index and the weighting of each constituent stock.

The Sub-Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. To comply with IFRS 7, the Manager has set out below the most important types of financial risks inherent in the financial instruments held by the Sub-Fund. The Manager would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Sub-Fund. Investors should note that additional information in respect of risks associated with the investments in the Sub-Fund can be found in the Sub-Fund's Prospectus.

The nature and extent of the financial instruments outstanding at the end of the reporting period and the risk management policies employed by the Sub-Fund is discussed below.

(a) Market risk

Market risk arises when the fair value and future cash flows of a financial instrument will fluctuate because of changes in market prices. It includes price risk, interest rate risk and currency risk.

(i) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Sub-Fund is exposed to price risk arising from changes in market prices of equity instruments.

The Manager constructs the portfolio through adopting a replication strategy. The Sub-Fund is not actively managed and the Manager does not have the discretion to select stocks or to take defensive position in a declining market. Hence, any fall in the Index will result in a corresponding fall in the value of the Sub-Fund.

All investments of the Sub-Fund are constituent stocks of the Index listed on The Stock Exchange of Hong Kong ("SEHK"). The Sub-Fund estimates the future reasonably possible market price fluctuations for equity investments on an overall basis. If the Index at 31 December 2025 had increased/decreased by 20% with all other variables held constant, it is estimated that the net assets attributable to shareholders of the Sub-Fund would have increased/decreased by approximately HKD49,802,516.

(ii) Interest rate risk

Interest rate risk arises from changes in interest rates which may inversely affect the value of interest bearing assets and therefore results in potential gain or loss to the Sub-Fund. Except for cash and cash equivalent, all the financial assets and liabilities of the Sub-Fund are non-interest bearing. As a result, the Sub-Fund has limited exposure to interest rate risk.

(iii) Currency risk

The financial assets and liabilities of the Sub-Fund are denominated in Hong Kong dollars, the functional currency of the Sub-Fund, and as such the Sub-Fund has limited exposure to currency risk.

11 Financial instruments and associated risks (continued)

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. All transactions in investments are settled on a delivery versus payment basis using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made when the Custodian has received payments.

For purchase transactions, payments are made once securities have been received by the Custodian. The trade will fail if either party fails to meet their obligation.

The Manager monitors the Sub-Fund's credit position on a regular basis. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of assets and liabilities.

The Sub-Fund applies the IFRS 9 general model for other receivables and cash and cash equivalents. The Manager considers the probability of the counterparties not being able to pay is minimal as they have strong capacity to meet their contractual obligations in the near term and thus there is no impairment allowance recognised.

(c) Liquidity risk

Liquidity risk arises from the risk that the Sub-Fund may not be able to convert investments into cash to meet liquidity needs in a timely manner. The Sub-Fund's exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its shares earlier than expected. The Sub-Fund is exposed to redemptions at each dealing day. Shares are redeemable at the shareholders' option based on the Sub-Fund's net asset value per share at the time of redemption.

The Sub-Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and long-term.

The Sub-Fund invests the majority of its assets in investments that are traded in an active market and can be readily realisable. The Manager monitors the Sub-Fund's liquidity position on a regular basis.

As at 31 December 2025, all the financial liabilities including net assets attributable to shareholders of the Sub-Fund are repayable on demand or due within three months.

The tables below analyses the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

12 Fair value information

The Sub-Fund's investments are measured at fair value on the date of the statement of assets and liabilities. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. For the other financial instruments that are measured at amortised cost, the carrying amounts approximate fair value due to the intermediate or short-term nature of these financial instruments.

Valuation of financial instruments

The Sub-Fund's accounting policy on fair value measurements is detailed in significant accounting policy in Note 2(g)(iv). The Sub-Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

All of investments held by the Sub-Fund are listed on SEHK. Their fair values are based on quoted market prices in active markets and grouped into Level 1 in the fair value hierarchy.

The table below presents the carrying value of financial instruments measured at fair value at the date of the statement of assets and liabilities across the three levels of fair value hierarchy.

	Level 1 <i>HKD</i>	Level 2 <i>HKD</i>	Level 3 <i>HKD</i>	Total <i>HKD</i>
As at 31 December 2025				
Financial assets at fair value through profit or loss				
- Listed equities	249,012,580	-	-	249,012,580
Total financial assets	<u>249,012,580</u>	<u>-</u>	<u>-</u>	<u>249,012,580</u>

During the period from 28 March 2025 (inception date) to 31 December 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

13 Distributions

In accordance with the Prospectus of the Sub-Fund, the Manager has discretion as to whether or not the Sub-Fund will make any distribution, the frequency of distribution and amount of distribution.

There was no distribution made for the Sub-Fund for the period from 28 March 2025 (inception date) to 31 December 2025.

14 Soft commission arrangements

As regards to the Sub-Fund, the Manager has not entered into any soft dollar commission arrangements during the period from 28 March 2025 (inception date) to 31 December 2025.

15 Contingent liabilities and capital commitment

The Sub-Fund has no contingent liabilities or capital commitment outstanding as at 31 December 2025.

16 Negotiability of assets

As at 31 December 2025, there were no statutory or contractual requirements restricting the negotiability of the assets of the Sub-Fund.

17 Bank loans, overdrafts and other borrowings

The Sub-Fund had no bank loans, overdrafts or other borrowings as at 31 December 2025.

18 Securities lending arrangement

During the period from 28 March 2025 (inception date) to 31 December 2025, the Sub-Fund did not enter into any security lending arrangements.

19 Commitments

As at 31 December 2025, the Sub-Fund had no commitments.

20 Segment information

The Manager makes the strategic resource allocations on behalf of the Sub-Fund and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that each Sub-Fund has a single operating segment which is investing in securities. The objectives of the Sub-Fund are to track the performance of the Index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked index .

The internal financial information used by the Manager for the Sub-Fund assets, liabilities and performance is the same as that disclosed in the statement of net assets and statement of profit or loss and other comprehensive income. The Sub-Fund is domiciled in Hong Kong. Majority of the Sub-Fund income is derived from investments in securities which constitute the tracked index.

21 Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 31 December 2025

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

	Effective for accounting year beginning on or after
<i>Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7</i>	1 January 2026
<i>Annual Improvements to IFRS Accounting Standards - Volume 11</i>	1 January 2026
<i>IFRS 18 Presentation and Disclosure in Financial Statements</i>	1 January 2027

The Company and the Sub-Fund are 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:

IFRS 18, *Presentation and disclosure in financial statements*

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

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. The company and the Sub-Fund are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Company and the Sub-Fund do not plan to early adopt IFRS 18 and are still in the process of assessing the impact of the adoption.

22 Subsequent events

The Manager has evaluated the possibility of subsequent events in the Company and the Sub-Fund financial statements through the date the financial statement were available to be issued. There were no other material events after the reporting date, which necessitate revision of the figures or disclosures included in these financial statements.

23 Approval of the financial statements

The financial statements were approved for issue by the Directors on

CMS HANG SENG TECH INDEX ETF
(SUB-FUND OF CMSAM(HK) FUNDS SERIES 1 OFC)

INVESTMENT PORTFOLIO (Unaudited)

As at 31 December 2025

	Holdings	Fair value HKD	% of net assets
Listed Equities (99.78%)			
<u>Hong Kong (99.78%)</u>			
Alibaba Group Holding Ltd	129,254	18,457,471	7.40
Alibaba Health Information Technology	418,854	2,115,213	0.85
Baidu Inc - Class A	80,381	10,570,101	4.23
Bilibili Inc - Class Z	20,149	3,886,742	1.56
BYD Co Ltd	202,812	19,338,124	7.75
BYD Electronic Co Ltd	51,099	1,718,970	0.69
Haier Smart Home Co Ltd	157,623	3,827,086	1.53
Horizon Robotics Inc	676,119	5,855,191	2.35
Hua Hong Semiconductor Ltd	47,021	3,493,660	1.40
JD Com Inc	113,908	12,712,133	5.09
JD Health International Inc	72,798	4,040,289	1.62
Kingdee International Software Group Co Ltd	195,248	2,594,846	1.04
Kingsoft Corp Ltd	68,182	1,939,096	0.78
Kuaishou Technology	196,514	12,567,070	5.04
Lenovo Group Ltd	482,546	4,468,376	1.79
Li Auto Inc - Class A	90,338	5,858,419	2.35
Meituan	210,345	21,728,639	8.71
Midea Group Co Ltd	40,052	3,402,417	1.36
Netease Inc	90,400	19,399,840	7.77
Nio Inc - Class A	34,780	1,424,589	0.57
Semiconductor Manufacturing	292,299	20,884,764	8.37
Sensetime Group Inc - Class B	2,155,013	4,741,029	1.90
Sunny Optical Technology Group Co Ltd	46,147	3,024,936	1.21
Tencent Holding Ltd	32,865	19,686,135	7.89
Tencent Music Ent - Class A	3,956	272,964	0.11
Tongcheng Travel Holdings Limited	91,388	2,050,747	0.82
Trip.com Group Ltd	15,656	8,673,424	3.47
Xiaomi Corp	498,654	19,597,102	7.85
Xpeng Inc - Class A	105,424	8,365,394	3.35
Zhejiang Leapmotor Technology	47,672	2,317,813	0.93
Total listed equities		249,012,580	99.78
Total investments and <i>(Total cost of investments HKD250,057,380)</i>		249,012,580	99.78
Other net assets		561,506	0.22
Total net assets as at 31 December 2025		249,574,086	100.00

CMS HANG SENG TECH INDEX ETF
(SUB-FUND OF CMSAM(HK) FUNDS SERIES 1 OFC)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)
For the period from 28 March 2025 (inception date) to 31 December 2025

	Beginning holdings as at 28 March 2025	Additions	Disposals	Closing balance as at 31 December 2025
<u>Listed Equities</u>				
Alibaba Group Holding Ltd	-	472,345	343,091	129,254
Alibaba Health Information Technology	-	1,750,224	1,331,370	418,854
ASMPT Limited	-	84,418	84,418	-
Baidu Inc - Class A	-	271,713	191,332	80,381
Bilibili Inc - Class Z	-	87,528	67,379	20,149
BYD Co Ltd	-	587,550	384,738	202,812
BYD Electronic Co Ltd	-	214,439	163,340	51,099
China Literature limited	-	113,658	113,658	-
Haier Smart Home Co Ltd	-	667,400	509,777	157,623
Horizon Robotics Inc	-	2,061,526	1,385,407	676,119
Hua Hong Semiconductor Ltd	-	180,642	133,621	47,021
JD Com Inc	-	376,980	263,072	113,908
JD Health International Inc	-	307,713	234,915	72,798
Kingdee International Software Group Co	-	831,612	636,364	195,248
Kingsoft Corp Ltd	-	260,145	191,963	68,182
Kuaishou Technology	-	825,673	629,159	196,514
Lenovo Group Ltd	-	2,187,491	1,704,945	482,546
Li Auto Inc - Class A	-	378,053	287,715	90,338
Meituan	-	611,073	400,728	210,345
Midea Group Co Ltd	-	136,438	96,386	40,052
Netease Inc	-	278,028	187,628	90,400
Nio Inc - Class A	-	120,544	85,764	34,780
Semiconductor Manufacturing	-	1,098,690	806,391	292,299
Sensetime Group Inc - Class B	-	8,374,580	6,219,567	2,155,013
Sunny Optical Technology Group Co Ltd	-	194,139	147,992	46,147
Tencent Holding Ltd	-	117,150	84,285	32,865
Tencent Music Ent - Class A	-	13,448	9,492	3,956
Tongcheng Travel Holdings Limited	-	379,658	288,270	91,388
Trip.com Group Ltd	-	57,992	42,336	15,656
Xiaomi Corp	-	1,521,389	1,022,735	498,654
Xpeng Inc - Class A	-	443,186	337,762	105,424
Zhejiang Leapmotor Technology	-	122,990	75,318	47,672
				% of holdings as at 31 December
Listed equities				99.78
Hong Kong				99.78
Total listed investments				99.78

PERFORMANCE TABLE (UNAUDITED)

(a) Total net asset value (dealing net asset value)

31 December 2025
HKD

CMS Hang Seng Tech Index ETF 250,075,492

**The dealing net asset value of the Sub-Fund disclosed was calculated in accordance with the Prospectus.*

(b) Net asset value per share

31 December 2025
HKD

Listed class	9.8799
Unlisted class - Class A HKD	9.1057
Unlisted class - Class I HKD	9.1177
Unlisted class - Class M HKD	9.1271

**The net asset value per share was calculated in accordance with the Prospectus.*

(c) Highest and lowest price record

For the period from 28 March 2025 (inception date) to 31
December 2025

	Highest net asset value per share HKD	Lowest net asset value per share HKD
Listed class	11.9864	7.8972
Unlisted class - Class A HKD	11.0500	8.9136
Unlisted class - Class I HKD	11.0523	8.9210
Unlisted class - Class M HKD	11.0541	8.9267

**The highest and lowest price record was calculated in accordance with the Prospectus.*

MANAGEMENT AND ADMINISTRATION

Directors of the Company

CHEUNG Man Ling
HO Pui Sze

Manager

CMS Asset Management (HK) Co., Limited
32/F One Exchange Square
8 Connaught Place
Central
Hong Kong

Directors of the Manager

LIU Haiyan
HO Pui Sze
ZHOU Geng (resigned on 16 October 2025)
SHEN Yun (resigned on 6 November 2025)
CAI Qing (resigned on 9 February 2026)

Company

CMS(HK) Funds Series 1 OFC
32/F One Exchange Square
8 Connaught Place
Central
Hong Kong

Custodian

HSBC Institutional Trust Services (Asia) Limited
1 Queen's Road
Central
Hong Kong

Administrator

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road
Central
Hong Kong

Registrar

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road
Central
Hong Kong

Legal Advisor

Deacons
5th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Auditor

KPMG
Public Interest Entity Auditor registered in accordance with
The Accounting and Financial Reporting Council
Ordinance
8th Floor, Prince's Building
10 Chater Road
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Listing Agent

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21 Wing Wo Street
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Service Agent

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Hong Kong