

Report of the Directors and Audited Financial Statements

CMS MONEY MARKET FUND  
(A sub-fund of CMS Funds)

31 December 2024

CMS MONEY MARKET FUND  
(A sub-fund of CMS Funds)

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CMS MONEY MARKET FUND  
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MANAGEMENT AND ADMINISTRATION

**DIRECTORS OF THE MANAGER**

ZHANG Lixin (Resigned on 30 April 2024)  
ZHOU Geng  
SHEN Yun

**MANAGER**

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

**TRUSTEE AND REGISTRAR**

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

**CUSTODIAN**

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

**AUDITOR**

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

CMS MONEY MARKET FUND  
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MANAGER'S REPORT

**Stock Market Performance:** The US stock market has experienced significant volatility recently. The Morningstar US Market Index, for example, has plunged over 12% since late March 2025. This drop reflects broader market concerns, including economic growth and inflation.

**Economic Growth:** Economic growth projections have been revised downward. For 2025, GDP growth is now expected to be around 1.2%, down from previous estimates of 1.9%. This slowdown is partly due to higher tariffs and other trade policy developments.

**Inflation:** Inflation remains a concern, with the Personal Consumption Expenditures (PCE) Price Index forecasted to rise to 3.3% in 2025. This is higher than earlier projections and reflects ongoing price pressures in the economy.

**Market Sentiment:** Investor sentiment has been cautious, with many moving away from mega-cap US stocks towards European markets. This shift is driven by concerns over the aging bull market and recent market pullbacks.

**Long-term Perspective:** Despite the current volatility, historical data suggests that market corrections are normal and often followed by recoveries. Maintaining a long-term investment strategy can help weather these periods of uncertainty.

Overall, while the market faces challenges, there are opportunities for strategic investments, especially as valuations adjust.

MANAGEMENT AND DISCLOSURE OF CLIMATE-RELATED RISKS

Our management and disclosure framework of climate-related risks is disclosed on our company website. During the financial year, we have incorporated significant climate-related risks into the investment management process, including the amount of carbon emissions and carbon intensity. We also assessed the impact of such risks on the performance of the fund's underlying investments accordingly.

Should there are any material changes on the disclosure framework, such disclosure would also be made accordingly.

CMS MONEY MARKET FUND  
(A sub-fund of CMS Funds)

TRUST REPORT

CMS FUNDS (the "Trust")

In our opinion, the Manager of CMS MONEY MARKET FUND (the "Sub-Fund") of the Trust has, in all material respects, managed the Sub-Fund for the year end 31 December 2024 in accordance with the provisions of the trust deed dated 6 January 2012, as amended and supplemented from time to time.

On behalf of the board  
BOCI-Prudential Trustee Limited

30 APR 2025



.....  
Authorised Signature



.....  
Authorised Signature



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

安永會計師事務所  
香港鰂魚涌英皇道979號  
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## **Independent auditor's report**

### **To the Unitholders of CMS Money Market Fund**

(A Sub-fund of CMS Funds, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

## **Report on the audit of the financial statements**

### **Opinion**

We have audited the financial statements of CMS Money Market Fund (a sub-fund of CMS Funds (the "Trust") and referred to as the "Sub-Fund") set out on pages 7 to 34, which comprise the statement of financial position as at 31 December 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

### **Basis for opinion**

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

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

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

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

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

**Independent auditor's report (continued)**

**To the Unitholders of CMS Money Market Fund**

(A Sub-fund of CMS Funds, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

**Report on the audit of the financial statements (continued)**

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

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

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust's trust deed dated 6 January 2012 (the "Trust Deed"), as amended and supplemented from time to time and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Securities and Futures Commission (the "SFC").

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

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

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

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

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

**Independent auditor's report (continued)**

**To the Unitholders of CMS Money Market Fund**

(A Sub-fund of CMS Funds, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

**Report on the audit of the financial statements (continued)**

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

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

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

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

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



Certified Public Accountants  
Hong Kong

30 APR 2025

CMS MONEY MARKET FUND  
(A Sub-fund of CMS Funds)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year end 31 December 2024

		For the year end 31 December 2024 HK\$	For the period from 28 November 2022 (date of commencements of operations) to 31 December 2023 HK\$
	Notes		
<b>INCOME</b>			
Interest income on bank deposits	5(c)	54,117,958	51,105,732
Other income		<u>571,451</u>	<u>2,047</u>
		54,689,409	51,107,779
<b>EXPENSES, NET OF REIMBURSEMENT BY MANAGER</b>			
Management fee	5(d)	(689,695)	(601,087)
Trustee fee	5(e)	(898,536)	(910,145)
Custodian fee and bank charges	5(f),5(h)	(24,255)	(39,567)
Audit fee		(185,875)	(176,275)
Transaction handling fee	5(g)	(173,200)	(30,600)
Legal and professional fee		-	(25,134)
Fund set up fee	9	-	(450,000)
Other expenses		<u>(137,248)</u>	<u>(133,463)</u>
		<u>(2,108,809)</u>	<u>(2,366,271)</u>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u><u>52,580,600</u></u>	<u><u>48,741,508</u></u>

CMS MONEY MARKET FUND  
(A Sub-fund of CMS Funds)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$	2023 HK\$
<b>ASSETS</b>			
Other receivables		717,370	4,347
Time deposits	8	653,856,867	153,392,956
Interest receivable on bank deposits		9,935,237	7,753,951
Cash and cash equivalent	5(c), 7	<u>796,404,835</u>	<u>984,716,148</u>
<b>TOTAL ASSETS</b>		<u><b>1,460,914,309</b></u>	<u><b>1,145,867,402</b></u>
<b>LIABILITIES</b>			
Management fee payable	5(d)	213,946	153,384
Trustee fee payable	5(e)	174,008	70,446
Audit fee payable		181,075	176,275
Other payables	5(g)	<u>325,473</u>	<u>15,599</u>
<b>TOTAL LIABILITIES (excluding net assets attributable to unitholders)</b>		<u><b>894,502</b></u>	<u><b>415,704</b></u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u><u><b>1,460,019,807</b></u></u>	<u><u><b>1,145,451,698</b></u></u>
Net asset value per unit			
- Class B		106.7040	102.2000
- Class I		109.3040	104.5860
- Class A		100.7400	-

CMS MONEY MARKET FUND  
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STATEMENT OF CHANGES IN NET ASSET ATTRIBUTABLE TO UNITHOLDERS

For the year end 31 December 2024

	Notes	For the year end 31 December 2024 HK\$	For the period from 28 November 2022 (date of commencements of operations) to 31 December 2023 HK\$
Balance at the beginning of the year		1,145,451,698	-
Issuance of units	9	1,077,870,288	2,006,047,141
Redemption of units	9	<u>(815,882,779)</u>	<u>(909,336,951)</u>
		1,407,439,207	1,096,710,190
Increase in net assets attributable to unitholders		<u>52,580,600</u>	<u>48,741,508</u>
At 31 December 2024		<u>1,460,019,807</u>	<u>1,145,451,698</u>
			Number of Unit
At 28 November 2022 (date of commencement of operations)			-
Total issuance			19,863,237.185
Total redemptions			<u>(8,902,505.638)</u>
At 31 December 2023 and 1 January 2024			10,960,731.547
Total issuance			10,110,751.735
Total redemptions			<u>(7,668,837.352)</u>
At 31 December 2024			<u>13,402,645.930</u>

CMS MONEY MARKET FUND  
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STATEMENT OF CASH FLOWS

For the year end 31 December 2024

	For the year end 31 December 2024 HK\$	For the period from 28 November 2022 (date of commencements of operations) to 31 December 2023 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax for the year/period	52,580,600	48,741,508
Adjustments for:		
Interest income on bank deposits	<u>(54,117,958)</u>	<u>(51,105,732)</u>
	(1,537,358)	(2,364,224)
Increase in time deposits	(500,463,911)	(153,392,956)
Increase in other receivables	(713,023)	(4,347)
Increase in Interest receivable	(2,181,286)	-
Increase in management fee payable	60,562	153,384
Increase in accrued audit fee payable	4,800	176,275
Increase in trustee fee payable	103,562	70,446
Increase in other payables	<u>309,874</u>	<u>15,599</u>
Cash flows used in operations	(504,416,780)	(155,345,823)
Interest received	<u>54,117,958</u>	<u>43,351,781</u>
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<u>(450,298,822)</u>	<u>(111,994,042)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of units	1,077,870,288	2,006,047,141
Payments on redemption of units	<u>(815,882,779)</u>	<u>(909,336,951)</u>
<b>NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>	<u>261,987,509</u>	<u>1,096,710,190</u>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS</b>	(188,311,313)	984,716,148

CMS MONEY MARKET FUND  
(A Sub-fund of CMS Funds)

STATEMENT OF CASH FLOWS (continued)

For the year end 31 December 2024

	Note	For the year end 31 December 2024 HK\$	For the period from 28 November 2022 (date of commencements of operations) to 31 December 2023 HK\$
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD		<u>984,716,148</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD	7	<u>796,404,835</u>	<u>984,716,148</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks		87,593,593	24,351,525
Short-term deposits with original maturities of three months or less		<u>708,811,242</u>	<u>960,364,623</u>
	7	<u>796,404,835</u>	<u>984,716,148</u>

CMS MONEY MARKET FUND  
(A Sub-fund of CMS Funds)

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. GENERAL

CMS FUNDS (the "Trust") is an umbrella unit trust constituted by a trust deed dated 6 January 2012 and as amended and supplemented from time to time (the "Trust Deed"). The Trust Deed is governed by the laws of the Hong Kong Special Administrative Region of the People's Republic of China. As at reporting date, the Trust consists of three sub-funds, one of which is CMS Money Market Fund (the "Sub-Fund"), with inception date of 28 November 2022.

The Sub-Fund has been authorised as an unit trust by the Hong Kong Securities and Futures Commission under Section 104 of the Hong Kong Securities and Futures Ordinance.

Under the Trust Deed, BOCI-Prudential Trustee Limited is appointed as the trustee (the "Trustee") of the Trust and its Sub-Fund since 6 January 2012.

The Sub-Fund's investment activities are managed by CMS Asset Management (HK) Co., Limited (the "Manager") with the administration delegated to the Trustee.

The Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its Net Asset Value) in HKD denominated and USD denominated short-term deposits and high-quality money market instruments issued by governments, quasi-governments, international organisations and financial institutions or other corporations. The asset allocation of the Sub-Fund will change according to the Manager's view of market conditions and the international investment trends and environment. The Manager will compare the yield spread of money market instruments denominated in the different currencies (HKD and USD), and will take into consideration factors such as currency risk, liquidity, costs, timing of execution and the relative attractiveness of individual securities and issuers in the market.

There is no specific geographical allocation of the country of issue of the Sub-Fund's investments. Countries or regions in which the Sub-Fund may invest in include but are not limited to the greater China region (which includes mainland China, Hong Kong, Taiwan, Macau) and other developed markets.

The aggregate value of the Sub-Fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total Net Asset Value of the Sub-Fund except: (i) where the entity is a substantial financial institution (as defined in the Code) and the total amount does not exceed 10% of the entity's share capital and non-distributable capital reserves, the limit may be increased to 25%; or (ii) in the case of Government and other public securities (as defined in the Code), up to 30% may be invested in the same issue; or (iii) in respect of any deposit of less than USD1,000,000, where the Sub-Fund cannot otherwise diversify as a result of its size.

The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and must not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other public securities.

CMS MONEY MARKET FUND  
(A Sub-fund of CMS Funds)

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared on a historical-cost basis, except for financial assets at fair value through profit or loss that have been measured at fair value.

The financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest HK\$ except where otherwise indicated.

The financial statements have been prepared for a 12-month period from 1 January 2024 to 31 December 2024. The corresponding comparative amounts shown for the statements of profit or loss and other comprehensive income, changes in net asset attributable to unitholders, cash flows and the related notes cover the period from 28 November 2022 (date of commencement of operation) to 31 December 2023 and therefore may not be comparable directly with the amounts shown for the current year.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting principles adopted in the current year are consistent with those of the prior year. There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the current financial year that have a material impact on the Sub-Fund.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Sub-Fund has not applied any new and revised IFRS Accounting Standards that have been issued but are not yet effective for the year ended 31 December 2024 in these financial statements. Among the new and revised IFRS Accounting Standards, the following are expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

*Lack of exchangeability – Amendments to IAS 21*

In August 2023, the IASB issued amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.

The amendments are not expected to have a material impact on the Sub-Fund's financial statements.

*IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified "roles" of the primary financial statements ("PFS") and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from "profit or loss" to "operating profit or loss" and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Sub-fund is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. MATERIAL ACCOUNTING POLICIES

Revenue recognition

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Sub-Fund and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Financial instruments

(i) **Classification**

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

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

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

*Financial assets*

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

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

*Financial assets measured at amortised cost*

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) **Classification (continued)**

*Financial assets measured at fair value through profit or loss (FVPL)*

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

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

The Sub-Fund does not hold any financial asset measured at FVPL.

*Financial liabilities measured at fair value through profit or loss (FVPL)*

A financial liability is measured at FVPL if it meets the definition of held for trading. The Sub-Fund does not hold any financial liabilities measured at FVPL.

*Financial liabilities measured at amortised cost*

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

(ii) **Impairment of financial assets**

The Sub-Fund applies the expected credit loss model on all the financial assets that are subject to impairment.

For other financial assets, impairment allowances are recognised under the general approach where expected credit losses are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Sub-Fund is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Sub-Fund considers a default has occurred when a financial asset is more than 90 days past due unless the Sub-Fund has reasonable and supportable information to demonstrate that a more appropriate default criterion should be applied.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

**(iii) Derecognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

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

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

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

Fair value measurement

The Sub-Fund measures its financial instruments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

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

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted last trade price, without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

For all other financial instruments not traded in an active market, the fair value is determined by using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions adjusted as necessary and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Offsetting of financial instruments

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

Foreign currencies

Transactions in currencies other than the functional currency of the Sub-Fund (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the Sub-Fund operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in the profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value, with original maturities of three months or less and held for the purpose of meeting short-term cash commitments.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents (continued)

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Sub-Fund's cash management.

Net gains or losses on financial instruments at fair value through profit or loss

This item includes changes in the fair value of financial instruments as 'at fair value through profit or loss' and excludes interest income.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year 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' are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Proceeds and payments on issue and redemption of shares

Subscription proceeds from shares issued and redemption from shares are accounted for on a transaction date basis.

Taxation

Taxation comprises current tax and deferred tax. Current tax and movements in deferred tax assets and liabilities are recognised in the statement of profit or loss and other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date.

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.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

Expenses

All expenses are recognised in the statement of profit or loss and other comprehensive income on an accrual basis.

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3. MATERIAL ACCOUNTING POLICIES (continued)

Net assets attributable to unitholders

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

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any sub-fund redeemed on any Dealing Day to 10% of the total number of Units of the relevant sub-fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units of the same sub-fund on that Dealing Day will redeem the same proportion of such Units, any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next Dealing Day. If redemption requests are carried forward, the Manager will inform the Unitholders concerned.

Redeemable units 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 by the number of units in issue of the relevant class.

Redeemable units are classified as an equity instrument when:

- (a) The redeemable units entitle the holder to a pro-rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation.
- (b) The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- (c) All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- (d) The redeemable units do 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 Sub-Fund's net assets.
- (e) The total expected cash flows attributable to the redeemable units 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 Sub-Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Fund must have no other financial instrument or contract that has:

- (a) Total cash flows 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 Sub-Fund, and
- (b) The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. MATERIAL ACCOUNTING POLICIES (continued)

Net assets attributable to unitholders (continued)

The Sub-Fund continuously assesses the classification of the redeemable units. The Sub-Fund's redeemable units do not meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as financial liabilities. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

Upon issuance of redeemable units, the consideration received is included in equity. Transaction costs incurred by the Sub-Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments that are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;

or

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

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NOTES TO FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Sub-Fund's financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future period.

5. TRANSACTIONS WITH THE MANAGER, THE TRUSTEE AND THEIR CONNECTED PERSONS

Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission ("SFC"). All transactions entered into during the year between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except those disclosed below.

(a) Holdings in the Sub-Fund

As at 31 December 2024, China Merchants Securities (HK) Co., Ltd ("CMSHK"), a fellow subsidiary of the Manager, as one of the distributors of the Sub-Fund, held the following units in the Sub-Fund: 1,256,965,612.250 (2023: 10,587,245.965) units of Class I, 203,013,321.680 (2023: 373,485.582) units of Class B and 40,873.980 (2023: Nil) units of Class A.

(b) Fee payable by unitholders

Pursuant to the Sub-Fund's offering memorandum, the Manager is entitled to impose the preliminary charge on up to 3% of the subscription amount received for Class A, Class B and Class I.

During the year ended 31 December 2024, no preliminary charges were paid to the Manager (period ended 31 December 2023: nil).

(c) Bank balances, interest income on bank deposits

	2024	2023
	HK\$	HK\$
The bank balance of the Sub-Fund held with Bank of China (Hong Kong) Limited, connected person of the Trustee	1,953,490	1,990,380
The interest income on bank deposits held with Bank of China (Hong Kong) Limited, connected person of the Trustee	<u>-</u>	<u>2,486</u>

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5. TRANSACTIONS WITH THE MANAGER, THE TRUSTEE AND THEIR CONNECTED PERSONS (continued)

(d) Management fee

The Manager is entitled to receive a management fee of up to a maximum fee of 2% per annum of the net asset value ("NAV") of the Sub-Fund.

The Manager charged at the rate of 0.3% per annum for Class A, 0.15% per annum for Class B and 0.05% per annum for Class I shares, calculated on a daily basis on the respective NAV.

During the year ended 31 December 2024, management fees amounting to HK\$689,695 (2023: HK\$601,087) were incurred, of which HK\$213,946 (2023: HK\$153,384) was payable to the Manager as at 31 December 2024.

(e) Trustee fee

Trustee fee is charged by the Trustee up to 0.075% per annum for all classes of shares calculated on a daily basis on respective NAV.

During the year ended 31 December 2024, trustee fees amounted to HK\$898,536 (2023: HK\$910,145) were incurred, of which of HK\$174,008 (2023: HK\$70,446) was payable to the Trustee as at 31 December 2024.

(f) Custodian fee

Pursuant to the Sub-Fund's offering memorandum, Bank of China (Hong Kong) Limited, (the "Custodian") is entitled to a custody fee up to 0.03% per annum of the NAV of the Sub-Fund. The Custodian is a connected person of the Trustee.

During the year ended 31 December 2024, custodian fee charged and paid is nil (2023: nil).

(g) Transactions with connected persons of the Manager and Trustee

The transaction handling fee is charged by Trustee as agreed from time to time between the Trustee and the Manager per each transaction of fixed deposit and capital activity. During the year ended 31 December 2024, transaction handling fee amounted to HK\$173,200 (2023: HK\$114,000) was incurred.

(h) Bank charges

The Sub-Fund utilised the bank services of Bank of China (Hong Kong) Limited, connected persons of the Trustee. During the year ended 31 December 2024, total bank charges amounted to HK\$24,255 (period ended 31 December 2023: HK\$35,772) were incurred and paid.

6. WITHHOLDING TAX

Hong Kong

The Sub-Fund is exempted from Hong Kong Profits Tax on income and capital gains under Section 26A, Part(1A) of the Inland Revenue Ordinance.

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NOTES TO FINANCIAL STATEMENTS

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7. CASH AND CASH EQUIVALENTS

	2024 HK\$	2023 HK\$
Cash at banks	87,593,593	24,351,525
Short-term deposits with maturities of three months or less	<u>708,811,242</u>	<u>960,364,623</u>
	<u>796,404,835</u>	<u>984,716,148</u>

As at 31 December 2024, the bank balances are held in interest bearing accounts with Bank of China (Hong Kong) Limited and Taishin International Bank Co., Ltd.

As at 31 December 2024, the short-term deposits with maturities of three months or less are held in Agricultural Bank of China Limited, Bank of Shanghai (Hong Kong) Limited, Qatar National Bank, Industrial Bank Co., Ltd., Ping An Bank Co. Ltd and Taishin International Bank Co., Ltd which the interest rate ranged from 3.5% to 5.52% (2023: 4.92% to 5.70%) The carrying amount of bank balances approximates to their fair value.

8. TIME DEPOSITS

	2024 HK\$	2023 HK\$
Short-term deposits with maturities of more than three months	<u>653,856,867</u>	<u>153,392,956</u>

As at 31 December 2024, the short-term deposits with maturities of more than three months are held in China Construction Bank (Asia). Ltd, Bank of Shanghai (Hong Kong) Limited, Ping An Bank Co. Ltd, Taishin International Bank, Qatar National Bank and Industrial Bank Co., Ltd., which the interest rate ranged from 4.12% to 4.68% (2023: 5.00% to 5.50%) The carrying amount of bank balances approximates to their fair value.

9. CLASSES OF UNITS

Pursuant to the Trust Deed, multiple classes of units can be issued for the Sub-Fund. The Sub-Fund will be valued per unit of each class in accordance with the Trust Deed. Pursuant to the Sub-Fund's offering documents, the Sub-Fund allows daily subscriptions and redemptions. The Manager may from time to time permit unitholders switch all or part of their units of any class into units of any other class of the same sub-fund. Unless the Manager otherwise agrees, units of a class can only be switched into units of the same class of another sub-fund.

As at 31 December 2024, 3 classes, (i) Class A, (ii) Class B and (iii) Class I, have been issued to investors.

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NOTES TO FINANCIAL STATEMENTS

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9. CLASSES OF UNITS (continued)

The details of the investment minima apply to each class of units issued by the Sub-Fund are as follow:

Minimum initial subscription	Class A unit: HK\$1 Class B unit: HK\$10,000 Class I unit: HK\$1,000,000
Minimum subsequent subscription	Class A unit: HK\$1 Class B unit: HK\$10,000 Class I unit: HK\$1,000,000
Minimum holding	Class A unit: aggregate minimum value of HK\$1 Class B unit: aggregate minimum value of HK\$10,000 Class I unit: aggregate minimum value of HK\$1,000,000
Minimum redemption amount	Class A unit: aggregate minimum value of HK\$1 Class B unit: aggregate minimum value of HK\$10,000 Class I unit: aggregate minimum value of HK\$1,000,000

Unit transaction for the year/period ended 31 December 2024 and 2023 was as follows:

	Class B		Class I		Class A	
	No. of units	HK\$	No. of units	HK\$	No. of units	HK\$
At the beginning of 2024	373,485.582	38,170,572	10,587,245.965	1,107,281,126	-	-
Issued during 2024	5,169,878.781	546,589,143	4,940,467.117	531,240,325	405.837	40,820
Redeemed during 2024	(3,640,784.566)	(385,529,781)	(4,028,052.686)	(430,352,988)	(0.100)	(10)
Net gain for the year	-	3,783,388	-	48,797,149	-	63
At the end of 2024	<u>1,902,579.797</u>	<u>203,013,322</u>	<u>11,499,660.396</u>	<u>1,256,965,612</u>	<u>405.737</u>	<u>40,873</u>
	Total					
	No. of units	HK\$				
At the beginning of 2024	10,960,731.547	1,145,451,698				
Issued during 2024	10,110,751.735	1,077,870,288				
Redeemed during 2024	(7,668,837.352)	(815,882,779)				
Net gain for the year	-	52,580,600				
At the end of 2024	<u>13,402,645.93</u>	<u>1,460,019,807</u>				
	Class B		Class I		Total	
	No. of units	HK\$	No. of units	HK\$	No. of units	HK\$
At the beginning of 2023	-	-	-	-	-	-
Issued during 2023	510,450.655	51,574,347	19,352,786.530	1,954,472,794	19,863,237.185	2,006,047,141
Redeemed during 2023	(136,965.073)	(13,893,860)	(8,765,540.565)	(895,443,091)	(8,902,505.638)	(909,336,951)
Net gain for the period	-	490,085	-	48,251,423	-	48,741,508
At the end of 2023	<u>373,485.582</u>	<u>38,170,572</u>	<u>10,587,245.965</u>	<u>1,107,281,126</u>	<u>10,960,731.547</u>	<u>1,145,451,698</u>

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9. CLASSES OF UNITS (continued)

The net asset value is HK\$106.7040 (2023: HK\$102.2000) per unit for class B, HK\$109.3040 (2023: HK\$104.5860) per unit for class I and HK\$100.7400 (2023: nil) per unit for Class A as of 31 December 2024.

The details of the limitation posed on daily redemption amounts are disclosed in note 12 under liquidity risk.

The formation costs for establishing the Sub-Fund was HK\$450,000. Per the Trust Deed of the Sub-Fund, the formation fee is amortised over the first five accounting periods of the Sub-Fund. However, with respect to the Sub-Funds for the purpose of financial statements preparation in compliance with IFRS Accounting Standards, their accounting policies are to expense the formation fee in profit or loss as incurred. The unamortised amount is HK\$261,474 (2023:HK\$351,670) and the remaining period was 35 months (2023: 47 months) as at 31 December 2024.

10. SOFT COMMISSION ARRANGEMENTS

The Manager did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Sub-Fund for the year.

11. DISTRIBUTION TO UNITHOLDERS

The Sub-Fund did not distribute dividend during the year.

12. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management objectives and policies

The objectives of the Sub-Fund is to provide investment performance through long term capital growth and income in HK\$ terms through investment primarily in fixed income securities issued within Hong Kong. The Sub-Fund's investing activities expose them to various types of risks that are associated with financial instruments and markets in which they invest.

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

The financial statements have been prepared based upon conditions existing at 31 December 2024 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period.

The Sub-Fund is exposed to market risk (including price risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The nature and extent of the financial assets outstanding at the statement of financial position date and the risk management policies employed by the Manager to manage these risks are discussed below.

CMS MONEY MARKET FUND  
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NOTES TO FINANCIAL STATEMENTS

31 December 2024

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

Financial risk management objectives and policies (continued)

Market risk

Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation, etc. which may have a significant impact on the value of the investments. Market movement may therefore result in substantial fluctuation in the net asset value per redeemable unit of the Sub-Fund.

The Sub-Fund's activities expose them primarily to the market risk of changes in market prices, interest rates and foreign exchange rates.

*Price risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Manager manages the Sub-Fund's market price risk on a daily basis in accordance with the Sub-Fund's investment objectives and policies. The Sub-Fund does not hold financial asset at FVPL as at 31 December 2024 and 2023 and the price risk is considered minimal.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Sub-Fund does not hold debt securities as at 31 December 2024 and 2023.

The Sub-Fund is also subject to cash flow interest rate risk from cash and cash equivalent at variable interest rates.

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NOTES TO FINANCIAL STATEMENTS

31 December 2024

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

Financial risk management objectives and policies (continued)

Market risk (continued)

The table below summarises the Sub-Fund's exposure and sensitivity analysis to interest rate risks. 10 basis point is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	HK\$	Change in assumption +/-10 basis point HK\$
<u>At 31 December 2024</u>		
Assets		
Cash and cash equivalent	796,404,835	+/-796,405
Time deposits	<u>653,856,867</u>	<u>+/-653,857</u>
<u>At 31 December 2023</u>		
Assets		
Cash and cash equivalent	984,716,148	+/-984,716
Time deposits	<u>153,392,956</u>	<u>+/-153,393</u>

*Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at 31 December 2024 and 2023, the Sub-Fund's monetary assets and liabilities were predominantly denominated in the functional currency. Therefore, the exposure to foreign currency risk is not significant.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Sub-Fund.

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of debt securities at fair value through profit or loss and cash and cash equivalent. In the opinion of the Manager and Trustee, the carrying amounts of these financial assets shown in the statement of financial position represent the maximum credit risk exposure at the end of the reporting period.

The Manager has a documented policy in place of spreading the aggregate value of transactions concluded amongst approved counterparties with an appropriate credit quality. The Sub-Fund's exposure and the credit ratings of its counterparties are continuously monitored by the Manager.

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31 December 2024

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

Financial risk management objectives and policies (continued)

Credit risk (continued)

The following table details the exposure to the Sub-Fund's counterparty and its credit rating as at 31 December 2024 and 2023, as rated by Moody (unless otherwise specified, Standard & Poor ("S&P")):

	<u>HK\$</u> 2024	<u>Credit rating</u> 2024
<u>Banks</u>		
Agricultural Bank of China Limited		A1
- Short-term deposits	101,000,000	
Bank of Shanghai (Hong Kong) Limited		Baa2
- Short-term deposits	33,000,000	
- Time deposits	81,723,804	
Ping An Bank Co. Ltd		Baa1
- Short-term deposits	322,605,448	
- Time deposits	30,000,000	
Industrial Bank Co., Ltd		Baa2
- Short-term deposits	129,929,308	
- Time deposits	71,000,000	
China Construction Bank (Asia). Ltd		A1
- Time deposits	102,000,000	
Qatar National Bank		Aa2
- Short-term deposits	31,013,677	
- Time deposits	230,434,245	
Taishin International Bank Co., Ltd		(S&P) BBB+
- Short-term deposits	91,262,809	
- Time deposits	138,698,818	
Bank of China (Hong Kong) Limited		Aa3
- Cash at banks	372,055	

CMS MONEY MARKET FUND  
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NOTES TO FINANCIAL STATEMENTS

31 December 2024

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

Financial risk management objectives and policies (continued)

Credit risk(continued)

	<u>HK\$</u> 2023	<u>Credit rating</u> 2023
<u>Banks</u>		
Agricultural Bank of China Limited		A1
- Short-term deposits	198,158,092	
Bank of Shanghai (Hong Kong) Limited		Baa2
- Short-term deposits	135,923,139	
- Time deposits	76,794,287	
Chiyu Banking Corporation Ltd		Baa1
- Short-term deposits	149,334,660	
- Time deposits	35,616,359	
Industrial Bank Co., Ltd		Baa2
- Short-term deposits	183,435,429	
Nanyang Commercial Bank, Ltd		Baa1
- Time deposits	40,982,310	
Shanghai Pudong Development Bank		Baa2
- Short-term deposits	112,000,000	
Taishin International Bank Co., Ltd		(S&P) BBB+
- Cash at banks	22,361,145	
- Short-term deposits	181,513,304	
Bank of China (Hong Kong) Limited		A1
- Cash at banks	1,990,380	

***Financial assets subject to IFRS 9's impairment requirements***

The Sub-Fund's financial assets subject to the expected credit loss model within IFRS 9 are only cash and cash equivalent, amount due from brokers, interest receivable from investments and subscription receivable. At 31 December 2024, the total of cash and cash equivalent, time deposits, interest receivable on bank deposits and other receivable was HK\$1,460,914,309 (2023: HK\$1,145,867,402), on which no loss allowance had been provided. There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

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

Financial risk management objectives and policies (continued)

Credit risk (continued)

***Financial assets subject to IFRS 9's impairment requirements (continued)***

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: cash and cash equivalent, time deposits, interest receivable on bank deposits and other receivables. All the Sub-Fund's cash and cash equivalents are held in major financial institutions located in Hong Kong, which the Manager believes are of high credit quality. The Manager considers the Sub-Fund is not exposed to significant credit risk and no loss allowance has been made.

*Maximum exposure and year-end staging as at 31 December 2024*

The table below shows the credit quality and the maximum exposure to credit risk based on the Sub-Fund's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024.

	12-month expected credit losses	Lifetime expected credit losses				
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	Total HK\$	
Financial assets						
Cash and cash equivalent						
- Not yet past due	796,404,835	-	-	-	796,404,835	
Time deposits						
- Not yet past due	653,856,867	-	-	-	653,856,867	
Interest receivables on bank deposits						
- Not yet past due	9,935,237	-	-	-	9,935,237	
Other receivable						
- Not yet past due	<u>717,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>717,370</u>	
Total	<u>1,460,914,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,460,914,309</u>	

*Maximum exposure and period-end staging as at 31 December 2023*

The table below shows the credit quality and the maximum exposure to credit risk based on the Sub-Fund's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and period-end staging classification as at 31 December 2023.

CMS MONEY MARKET FUND  
(A Sub-fund of CMS Funds)

NOTES TO FINANCIAL STATEMENTS

31 December 2024

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

Financial risk management objectives and policies (continued)

Credit risk(continued)

	12-month expected credit losses	Lifetime expected credit losses			Total HK\$
	Stage 1 HK\$	Stage 2 HK\$	Stage 3 HK\$	Simplified approach HK\$	
Financial assets					
Cash and cash equivalent					
- Not yet past due	984,716,148	-	-	-	984,716,148
Time deposits					
- Not yet past due	153,392,956	-	-	-	153,392,956
Interest receivables on bank deposits					
- Not yet past due	7,753,951	-	-	-	7,753,951
Other receivable					
- Not yet past due	4,347	-	-	-	4,347
Total	<u>1,145,867,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,145,867,402</u>

Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with its financial liabilities.

The Sub-Fund's units are redeemable at the option of the unitholders, subject to the limitation below, for cash equal to a proportionate share of the Sub-Fund's net asset values. The Sub-Fund is therefore potentially exposed to cash redemptions of redeemable units.

The Manager monitors the Sub-Fund's liquidity position on a daily basis. In accordance with the Sub-Fund's constitutive documents, the Manager may, with the approval of the Trustee, limit the total number of units redeemable on any dealing day to 10% of the total number of units in issue. Any units not allowed to be redeemed will be carried forward to the following dealing day subject to the same limitation.

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NOTES TO FINANCIAL STATEMENTS

31 December 2024

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

Financial risk management objectives and policies (continued)

Liquidity risk (continued)

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 period to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

31 December 2024	On demand HK\$	Less than 3 months HKD	Others HKD	Total HKD
<u>Financial Liabilities</u>				
Management fees payable	-	213,946	-	213,946
Trustee fees payable	-	174,008	-	174,008
Audit fee payable	-	181,075	-	181,075
Other payables	-	325,473	-	325,473
Net assets attributable to unitholders*	-	-	1,460,019,807	1,460,019,807
Total financial liabilities	-	894,502	1,460,019,807	1,460,914,309

31 December 2023	On demand HK\$	Less than 3 months HKD	Others HKD	Total HKD
<u>Financial Liabilities</u>				
Management fees payable	-	153,384	-	153,384
Trustee fees payable	-	70,446	-	70,446
Audit fee payable	-	176,275	-	176,275
Other payables	-	15,599	-	15,599
Net assets attributable to unitholders*	-	-	1,145,451,698	1,145,451,698
Total financial liabilities	-	415,704	1,145,451,698	1,145,867,402

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

Capital management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Sub-Fund is subject to daily subscriptions and redemptions at the discretion of the unitholders. The Sub-Fund's objective when managing capital is to safeguard the Sub-Fund's ability to continue as a going concern in order to provide returns for the unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Fund. The description of the terms and the restrictions on redemption of units are disclosed in "liquidity risk" above.

CMS MONEY MARKET FUND  
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NOTES TO FINANCIAL STATEMENTS

31 December 2024

13. CONTINGENT LIABILITIES AND COMMITMENTS

The Sub-Fund has no contingent liabilities and commitments as at 31 December 2024 and 2023.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and Manager on 30 April 2025.

CMS MONEY MARKET FUND  
(A sub-fund of CMS Funds)

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 December 2024

	<u>Fair value</u> HK\$	<u>% of net</u> <u>assets</u>
Total portfolio investment	-	-
Other net assets	<u>1,460,019,807</u>	<u>100%</u>
Total net assets as at 31 December 2024	<u><u>1,460,019,807</u></u>	<u><u>100%</u></u>
	<u>Fair value</u> HK\$	<u>% of net</u> <u>assets</u>
Daily liquid asset	1,460,019,807	8.62%
Weekly liquid asset	1,460,019,807	18.67%

The weighted average maturity and the weighted average life of the portfolio of the Sub-Fund are 34.78 and 34.78 respectively.

CMS MONEY MARKET FUND  
(A sub-fund of CMS Funds)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the year ended 31 December 2024

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There are no movements in portfolio holdings during the period.

CMS MONEY MARKET FUND  
(A sub-fund of CMS Funds)

PERFORMANCE TABLE (UNAUDITED)

For the year ended 31 December 2024

1. NET ASSET VALUE

<u>Financial year/period ended</u>	Net asset value of the <u>Sub-Fund</u> HK\$	Net asset value <u>per unit</u> HK\$
31 December 2024		
- Class B	203,013,322	106.7040
- Class I	1,256,965,612	109.3040
- Class A	40,873	100.7400
31 December 2023		
- Class B	38,170,572	102.2000
- Class I	1,107,281,126	104.5860

2. HIGHEST ISSUE PRICE AND LOWEST REDEMPTION PRICE PER UNIT

<u>Financial year/period ended</u>	Highest issue <u>unit price</u> HK\$	Lowest redemption <u>unit price</u> HK\$
31 December 2024		
- Class B	106.722	102.259
- Class I	109.323	104.646
- Class A	100.757	100.000
31 December 2023		
- Class B	102.203	101.427
- Class I	104.588	103.778