

PHILLIP ETF SERIES OFC
FOR THE PERIOD FROM 29 SEPTEMBER 2022 (DATE OF
INCORPORATION) TO 31 DECEMBER 2023
(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 Future Ordinance (Cap.571) of the laws of Hong
Kong)

REPORTS AND AUDITED FINANCIAL STATEMENTS
PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(STOCK CODE: 2835)
FOR THE PERIOD FROM 16 NOVEMBER 2022 (DATE OF
COMMENCEMENT OF OPERATIONS) TO 31
DECEMBER 2023

(A SUB-FUND of PHILLIP ETF SERIES OFC)

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

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IMPORTANT :

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the Sub-Fund, please refer to the prospectus of the Sub-Fund which is available at our website (phillipfunds.com.hk)

Investors should not rely on the information contained in this report for their investment decision

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

MANAGEMENT AND ADMINISTRATION

Manager

Phillip Capital Management (HK) Limited
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95 Queensway
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Sub-Manager

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Directors

WONG Wai Kit, Louis
LOH Yang Nee, Sabrina
LAU Suk Tung, Alton

Administrator & Registrar

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

Custodian

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

Sub-Custodian

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

Auditor

PricewaterhouseCoopers
Certified Public Accountant
Registered Public Interest Entity Auditor
22/F, Prince's Building
10 Charter Road
Central, Hong Kong

Listing Agent

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21 Wing Wo Street
Central, Hong Kong

Legal Counsel to the Manager

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

Service Agent / Conversion Agent

HK Conversion Agency Services Limited
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Central, Hong Kong

Participating Dealers

Phillip Securities (Hong Kong) Limited
11/F United Centre
95 Queensway
Hong Kong

Mirae Asset Securities (HK) Limited
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International Commerce Centre,
1 Austin Road West, Kowloon,
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Hong Kong

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

REPORT OF THE MANAGER TO THE SHAREHOLDERS

Introduction

The Phillip HK Newly Listed Equities Index ETF is a sub-fund of Phillip ETF Series OFC (the “Company”), a public umbrella open-ended fund company with variable capital and segregated limited liability between sub-funds which was incorporated in Hong Kong under the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) on 29 September 2022. The Phillip HK Newly Listed Equities Index ETF was launched on 16 November 2022 and commenced trading in HKD under the stock code 2835 on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 21 November 2022. The Phillip HK Newly Listed Equities Index ETF is benchmarked against the Solactive Hong Kong Newly Listed Equities Index and adopts the full-replication strategy. The Manager of the Phillip HK Newly Listed Equities Index ETF is Phillip Capital Management (HK) Limited (“the Manager”). The custodian is HSBC Institutional Trust Services (Asia) Limited (the “Custodian”).

The Phillip HK Newly Listed Equities Index ETF will directly invest in securities issued within the HKSAR primarily through the Stock Exchange of Hong Kong Limited. The Phillip HK Newly Listed Equities Index ETF will primarily use a full replication strategy by investing up to 100% of its NAV in Index Securities.

The Solactive Hong Kong Newly Listed Equities Index (the “Index”) is compiled and published by Solactive AG. The Index is rebalanced quarterly, incorporating securities with IPOs or new listings within the last 756 business days, aiming for a total of 50 securities based on free-float market capitalization. In addition to the quarterly rebalance, the Index has a monthly IPO Review Day (in other months outside of the quarterly rebalancing months) where securities that had a recent IPO can enter the Index. The Index operates under clearly defined rules published by the index provider and is a tradable index.

Fund Performance

The Phillip HK Newly Listed Equities Index ETF seeks to provide investment results, before fees and expenses, which closely correspond to the performance of the Index. As of 31 December 2023, the dealing Net Asset Value (“NAV”) per share of the Phillip HK Newly Listed Equities Index ETF was HKD 9.9396 and there were 8,300,000 shares outstanding. The total asset under management was approximately HKD 82.49 million.

As of 31 December 2023, the ETF return since inception and 1-year return the dealing NAV of the Phillip HK Newly Listed Equities Index ETF (stock code 2835) performed +2.14% and -10.1% respectively, while the index performed +4.1% and -8.5%. The difference in performance between the NAV of the Phillip HK Newly Listed Equities Index ETF and the Index is mainly attributed to fees and expenses.



Phillip Capital Management (HK) Limited
29 April 2024

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

REPORT OF THE CUSTODIAN TO THE SHAREHOLDERS

We hereby confirm that, in our opinion, Phillip Capital Management (HK) Limited, the Manager of Phillip ETF Series OFC (the "Company") and Phillip HK Newly Listed Equities Index ETF (the "Sub-Fund"), has, in all material respects, managed the Company, in accordance with the provisions of the OFC's Instrument of Incorporation of Phillip ETF Series OFC dated 29 September 2022.

For the period from 29 September 2022 (date of incorporation) to 31 December 2023:

- Phillip ETF Series OFC

For the period from 16 November 2022 (date of commencement of operations) to 31 December 2023:

- Phillip HK Newly Listed Equities Index ETF



HSBC Institutional Trust Services (Asia) Limited (the "Custodian")
Hong Kong, 29 April 2024

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PHILLIP ETF SERIES OFC (THE "COMPANY") AND PHILLIP
HK NEWLY LISTED EQUITIES INDEX ETF (THE "SUB-FUND")**
(An umbrella open-ended fund company established under the laws of Hong Kong)

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Phillip ETF Series OFC (the "Company") for the period from 29 September 2022 (date of incorporation) to 31 December 2023 and Phillip HK Newly Listed Equities Index ETF (the "Sub-Fund") for the period from 16 November 2022 (date of commencement of operations) to 31 December 2023 (the "relevant periods"), which are set out on pages 9 to 29, comprise:

- the statement of financial position as at 31 December 2023;
- the statement of comprehensive income for the relevant periods then ended;
- the statement of changes in net assets attributable to shareholders for the relevant periods then ended;
- the statement of cash flows for the relevant periods then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company and the Sub-Fund as at 31 December 2023, and of each of their financial performance and each of their cash flows for the relevant periods then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

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

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

Independence

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

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PHILLIP ETF SERIES OFC (THE "COMPANY") AND PHILLIP
HK NEWLY LISTED EQUITIES INDEX ETF (THE "SUB-FUND) (CONTINUED)**
(An umbrella open-ended fund company established under the laws of Hong Kong)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are summarised as follows:

- Existence and valuation of financial assets at fair value through profit or loss

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Existence and valuation of financial assets at fair value through profit or loss</i></p> <p>The Sub-Fund's financial assets at fair value through profit or loss comprised of listed equities valued at HKD82,160,209.</p> <p>We focused on the existence and valuation of the financial assets at fair value through profit or loss because the financial assets at fair value through profit or loss represented the principal element of the Sub-Fund's net asset value as at 31 December 2023.</p> <p>Refer to note 5 to the financial statements.</p>	<ol style="list-style-type: none"> 1. Our work included an assessment of the key controls over the existence and valuation of the financial assets at fair value through profit or loss, which included the following: <ul style="list-style-type: none"> • We developed an understanding of the control objectives and related controls relevant to our audit of the Sub-Fund by obtaining the service organisation internal control reports provided by the custodian setting out the controls in place, and the independent service auditor's assurance report over the design and operating effectiveness of those controls. • We evaluated the tests undertaken by the service auditor, the results of the tests undertaken and the 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. 2. We tested the existence of financial assets at fair value through profit or loss by obtaining direct confirmations from the sub-custodian and agreeing the Sub-Fund's holdings of financial assets at fair value through profit or loss to the confirmations. 3. We tested the valuation of the Sub-Fund's financial assets at fair value through profit or loss by comparing the pricing used by the Sub-Fund to external pricing sources as at 31 December 2023. <p>Based on the procedures we performed, we found no material exceptions from our testing.</p>

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PHILLIP ETF SERIES OFC (THE "COMPANY") AND PHILLIP
HK NEWLY LISTED EQUITIES INDEX ETF (THE "SUB-FUND) (CONTINUED)**
(An umbrella open-ended fund company established under the laws of Hong Kong)

Other Information

The directors and the manager of the Company and the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Directors and Manager for the Financial Statements

The directors and the manager of the Company and 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 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 are responsible for assessing the Company's and 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 directors either intend to liquidate the Company and the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the directors are required to ensure that the financial statements of the Company and the Sub-Fund have been properly prepared in accordance with the relevant disclosure provisions of the Instrument of Incorporation of Phillip ETF Series OFC dated 29 September 2022, 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PHILLIP ETF SERIES OFC (THE "COMPANY") AND PHILLIP
HK NEWLY LISTED EQUITIES INDEX ETF (THE "SUB-FUND") (CONTINUED)**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 153 of the OFC Rules, 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 Company and the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Instrument of Incorporation of Phillip ETF Series OFC dated 29 September 2022, Part 7 of the OFC Rules, Appendix E of the UT Code and Chapter 9 of the OFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment 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.
- 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 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 directors.
- Conclude on the appropriateness of the directors' 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 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 Company and 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 directors and the manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors and the manager with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF PHILLIP ETF SERIES OFC (THE "COMPANY") AND PHILLIP
HK NEWLY LISTED EQUITIES INDEX ETF (THE "SUB-FUND) (CONTINUED)**

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

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

**Report on matters under the relevant disclosure provisions of the Instrument of
Incorporation of Phillip ETF Series OFC dated 29 September 2022, 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 of the Company and the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Instrument of Incorporation of Phillip ETF Series OFC dated 29 September 2022, 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 Mr. Chau Chi Kit.

PricewaterhouseCoopers

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 April 2024

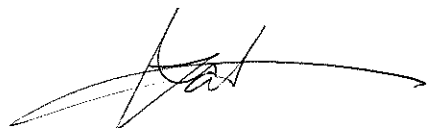
PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	Phillip ETF Series OFC As at 31 December 2023 HKD	Phillip HK Newly Listed Equities Index ETF As at 31 December 2023 HKD
ASSETS			
Financial assets at fair value through profit or loss	<i>5(b), 7(f)</i>	-	82,160,209
Bank interest receivable		-	10
Rebates receivable from the Manager	<i>7(g)</i>	-	86,651
Cash and cash equivalents	<i>7(f)</i>	-	587,846
TOTAL ASSETS		-	82,834,716
LIABILITIES			
Management fee payable	<i>7(b)</i>	-	126,214
Administration fee payable	<i>7(c)</i>	-	30,575
Custodian fee payable	<i>7(c)</i>	-	872
Other payables and accruals		-	382,148
TOTAL LIABILITIES		-	539,809
EQUITY			
Net asset value attributable to shareholders		-	82,294,907
TOTAL LIABILITIES AND EQUITY		-	82,834,716

For and on behalf of



As Directors of Phillip ETF Series OFC



Phillip Capital Management (HK) Limited
As the Manager of the Sub-Fund

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

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December 2023

	<i>Notes</i>	Phillip ETF Series OFC	Phillip HK Newly Listed Equities Index ETF
		Period from 29 September 2022 (date of incorporation) to 31 December 2023 HKD	Period from 16 November 2022 (date of commencement of operations) to 31 December 2023 HKD
INCOME			
Dividend income		-	703,638
Interest income	7(a)	-	8,902
Net realised losses on financial assets at fair value through profit or loss	6	-	(2,236,195)
Net unrealised losses on financial assets at fair value through profit or loss	6	-	2,981,128
Net foreign exchange loss		-	(2,222)
Rebates from the Manager	7(g)	-	86,651
Total income		<u>-</u>	<u>1,541,902</u>
EXPENSES			
Management fee	7(b)	-	604,252
Administration fee	7(c)	-	400,438
Auditor's remuneration		-	105,000
Transaction fees	7(d)	-	486,706
Safe custody and bank charges	7(c)	-	12,441
Establishment costs	3	-	293,581
Other operating expenses	7(e)	-	307,590
Total operating expenses		<u>-</u>	<u>2,210,008</u>
LOSS BEFORE TAX		-	(668,106)
Withholding tax on dividend income		-	(36,987)
LOSS AFTER TAX AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>-</u>	<u>(705,093)</u>

The accompanying notes are an integral part of these financial statements

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

For the period ended 31 December 2023

		Phillip ETF Series OFC	Phillip HK Newly Listed Equities Index ETF
		Period from 29 September 2022 (date of incorporation) to 31 December 2023 HKD	Period from 16 November 2022 (date of commencement of operations) to 31 December 2023 HKD
	<i>Notes</i>		
Balance at the beginning of the period		-	-
Issue of shares during the period	4	-	83,000,000
Loss after tax and total comprehensive loss for the period		-	(705,093)
Balance at the end of the period		<u>-</u>	<u>82,294,907</u>
		Shares	Shares
Number of shares in issue at the beginning of the period		-	-
Number of shares issued during the period		<u>-</u>	<u>8,300,000</u>
Number of shares in issue at the end of the period		<u>-</u>	<u>8,300,000</u>
Net asset value per share		<u>-</u>	<u>9.9150</u>

The accompanying notes are an integral part of these financial statements

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

STATEMENT OF CASH FLOWS

For the period ended 31 December 2023

	Phillip ETF Series OFC	Phillip HK Newly Listed Equities Index ETF
	Period from 29 September 2022 (date of incorporation) to 31 December 2023	Period from 16 November 2022 (date of commencement of operations) to 31 December 2023 HKD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	-	(668,106)
Adjustments for:		
Dividend income	-	(703,638)
Interest income	-	(8,902)
Operating loss before changes in working capital	<u>-</u>	<u>(1,380,646)</u>
Increase in financial assets at fair value through profit or loss	-	(82,160,209)
Increase in rebates receivable from the Manager	-	(86,651)
Increase in bank interest receivable	-	(10)
Increase in management fee payable	-	126,214
Increase in administration fee payable	-	30,575
Increase in custodian fee payable	-	872
Increase in other payables and accruals	-	382,148
Cash used in operations	-	(83,087,707)
Dividend received, net of withholding tax	-	666,651
Interest received	-	8,902
Net cash flows used in operating activities	<u>-</u>	<u>(82,412,154)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	83,000,000
Net cash flows generated from financing activities	<u>-</u>	<u>83,000,000</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	-	587,846
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>-</u>	<u>587,846</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash at bank	<u>-</u>	<u>587,846</u>

The accompanying notes are an integral part of these financial statements

NOTES TO ANNUAL FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Phillip ETF Series OFC (the "Company") is a public umbrella open-ended fund company with variable capital with limited liability, which was incorporated in Hong Kong under the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "SFO") on 29 September 2022. The Company is constituted by way of its Instrument filed to the Companies Registry of Hong Kong on, and effective as of, 29 September 2022.

As at 31 December 2023, the Company has one Sub-Fund, namely the Phillip HK Newly Listed Equities Index ETF ("Sub-Fund").

The Sub-Fund commenced trading under the stock code 2835 on the Stock Exchange of Hong Kong Limited ("SEHK") on 16 November 2022.

Phillip HK Newly Listed Equities Index ETF

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 Index, namely, Solactive Hong Kong Newly Listed Equities Index (net total return) (the "Index"). There is no assurance that the Sub-Fund will achieve its investment objective.

The Sub-Fund will primarily use a full replication strategy through investing directly in the respective index constituents in substantially the same weightings in which they are included in the respective index. Where the adoption of a full replication strategy is not efficient or practicable or where the Manager and Phillip Capital Management (S) Ltd. (the "Sub-Manager") consider appropriate in the best interest of the Sub-Fund and the Shareholders, the Manager and the Sub-Manager may pursue a representative sampling strategy, and invest, directly or indirectly (for example, via investing not more than 10% of the Sub-Fund's Net Asset Value in other exchange traded funds), in a representative sample of the securities in the respective index that collectively reflects the investment characteristics of the respective index and aims to replicate its performance. The Sub-Fund, in using a representative sampling strategy, may or may not hold all of the Securities included in the respective index, and may hold a portfolio of Securities which are not included in the respective index, provided that these collectively feature a high correlation with the respective index. The Manager and the Sub-Manager may also use a representative sampling strategy to invest in financial derivative instruments such as futures with no more than 10% of the Sub-Fund's Net Asset Value for investment and hedging purposes, where the Manager and the Sub-Manager believe such investments will help the Sub-Fund achieve its investment objective and are beneficial to the Sub-Fund. In pursuing a representative sampling strategy, the Manager and the Sub-Manager may cause the Sub-Fund to deviate from the respective index weighting, on the condition that the maximum deviation from the respective index weighting of any constituent will not exceed 3% above or below such weighting.

NOTES TO ANNUAL FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB, the relevant disclosure provisions in the Instrument of Incorporation, the Code on Open-Ended Fund Companies and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds ("UT Code").

The financial statements have been prepared under the historical cost convention, except for financial assets classified as at fair value through profit or loss ("FVPL") that have been measured at fair value.

All references to net asset value ("NAV") throughout these financial statements refer to net assets attributable to holder of redeemable participating shares unless otherwise stated.

The preparation of financial statements, in conformity with IFRS Accounting Standards, requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts recognised in the financial statements and disclosure of contingent liabilities. 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.

Standards and amendments to existing standards effective 29 September 2022 for the Company and 16 November 2022 for the Sub-Fund

There are no standards, amendments to standards or interpretations that are effective for the period beginning on 29 September 2022 and 16 November 2022 that have a material impact on the financial statements of the Company and Sub-Fund, respectively.

New standards, amendments and interpretations effective after 29 September 2022 for the Company and 16 November 2022 for the Sub-Fund and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for period beginning on 29 September 2022 and 16 November 2022, and have not been early adopted in preparing these financial statements of the Company and Sub-Fund, respectively. None of these are expected to have a material effect on the financial statements of the Company and Sub-Fund.

NOTES TO ANNUAL FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Financial instruments

Classification

Assets

The Sub-Fund classify their investments based on the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. This category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price. Consequently, all investments are measured at fair value through profit or loss.

As such, the Sub-Fund classify all of their investment portfolio as financial assets at fair value through profit or loss.

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

Recognition/derecognition

The Sub-Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the asset.

Investments are derecognized when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction fees are expensed as incurred in the Statement of Comprehensive Income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Realised and unrealised gains and losses on Financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income in the year in which they arise.

Fair value estimation

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

NOTES TO ANNUAL FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

Fair value estimation (Continued)

The fair value of financial assets and financial liabilities that are not traded in an active market is determined by using broker quotes or valuation techniques.

Transfers between levels of the fair value hierarchy

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

(c) Income

Interest income is recognised in profit or loss on a time-proportionate basis using the effective interest method.

Dividend income on equity securities is recognised on the date on which the investments are quoted ex-dividend. 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. Dividend income is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss.

Rebates are recognised when the right to receive payment from the Manager is established (refer to note 7(g)).

(d) Expenses

All expenses are accounted for on an accrual basis and are charged to the statement of comprehensive income.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash at bank, demand deposits with original maturities of three months or less.

(f) Foreign currencies translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the "functional currency"). The performance of Phillip HK Newly Listed Equities Index ETF is measured and reported to the shareholders in Hong Kong dollar ("HKD"). The Manager considers HKD as the currency that most faithfully represent the economic effects of the underlying transactions, events and conditions of the Company and the Sub-Fund. The financial statements of the Company and the Sub-Fund is presented in HKD.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

NOTES TO ANNUAL FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (Continued)

(f) Foreign currencies translation (Continued)

Functional and presentation currency (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency translation gains and losses on financial instruments classified as at FVPL are included in profit or loss.

(g) Redeemable shares

The Sub-Fund issue redeemable shares, which are redeemable at the holder's option. These shares represent puttable financial instruments of the Sub-Fund. The Sub-Fund classifies its puttable financial instruments as equity in accordance with IAS 32 (Amendment), "Financial instruments: Presentation" as those puttable financial instruments meet all the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated shares in issue and share features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Fund.

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

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

(h) Taxes

No provision for Hong Kong profits tax has been made as the Sub-Fund is exempt from Hong Kong profits tax under Section 26A of the Hong Kong Inland Revenue Ordinance. However, in some jurisdictions, dividend income, interest income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment gains in profit or loss.

(i) Transaction fees

Transactions fees are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transaction fees are expensed as incurred in the Statement of Comprehensive Income.

(j) Establishment costs

Establishment costs are recognised as an expense in the period in which they are incurred.

NOTES TO ANNUAL FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICIES (Continued)

(k) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Sub-Fund will comply with all attached conditions. Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3. RECONCILIATION BETWEEN NAV PER STATEMENT OF FINANCIAL POSITION AND PUBLISHED NAV (DUE TO AMORTISATION OF ESTABLISHMENT COST)

In accordance with the Prospectus of the Sub-Fund, the establishment costs of the Sub-Fund will be amortised over five accounting periods. As at 31 December 2023, the unamortised establishment costs of the Sub-Fund were HKD195,796 with remaining 47 months amortisation. The accounting policy of the Sub-Fund for the purpose of financial statements presentation in accordance with IFRS Accounting Standards is to expense establishment costs in the statement of comprehensive income as incurred. The difference between expensing the establishment costs as incurred in accordance with IFRS Accounting Standards and capitalisation and amortisation of the establishment costs as indicated in the Prospectus of the Sub-Fund resulted in adjustments in the net assets value.

Hong Kong government has established a Grant Scheme for Open-ended Fund Companies and Real Estate Investment Trusts (the "Grant Scheme") in 2021 for the setup of Open-ended Fund Companies to subsidise 70% of the establishment cost incurred subject to the terms of the Grant Scheme. As of 31 December 2023, HKD607,845 has been granted under the Grant Scheme.

During the period ended 31 December 2023, HKD901,563 establishment cost has been paid.

	2023
	HKD
Accounting net assets attributable to shareholders as reported in the statement of financial position	82,294,907
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to shareholders	195,796
Net assets attributable to shareholders (in accordance with the Prospectus of the Sub-Fund)	<u>82,490,703</u>
Net assets value per share (in accordance with the terms of the Prospectus of the Sub-Fund)	<u>9.9386</u>

NOTES TO ANNUAL FINANCIAL STATEMENTS

4. NUMBER OF SHARES IN ISSUE AND NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS

The Sub-Fund's capital is represented by the shares in the Sub-Fund, and shown as "net assets attributable to shareholders" in the statement of financial position. Subscriptions and redemptions of shares during the period ended 31 December 2023 are shown in the statement of changes in equity. In order to achieve the investment objectives, the Sub-Fund's endeavor to invest its capital in accordance with the investment policies as outlined in Note 5(a).

The Sub-Fund's objectives and policies for managing its obligations to redeem shares are included in Note 5(g) on capital risk management and Note 5(e) on liquidity risk.

Net assets attributable to shareholders

Net assets attributable to shareholders represent an equity in the statement of financial position, carried at the redemption amount that would be payable at the period end date if the shareholders exercised the right to redeem the shares in the Sub-Fund.

Movement in number of shares

	PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF shares
Number of shares in issue	
Number of shares in issue at the beginning of the period	-
Shares issued	8,300,000
Number of shares in issue at the end of the period	<u>8,300,000</u>

NOTES TO ANNUAL FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT

(a) Strategy in using financial instruments

The investment objective of the Sub-Fund is to seek to provide investment result 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.

In order to achieve the Sub-Fund's investment objective, the Manager and the Sub-Manager intend to primarily use a full replication strategy through investing up to 100% of the Net Asset Value of the Sub-Fund directly in securities constituting the Solactive Hong Kong Newly Listed Equities Index ("Index Securities") in substantially the same weightings as they appear in the Index.

(b) Market price risk

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

All securities investments present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities within specified limits. The maximum loss resulting debt securities is determined by the fair value of the securities. The value of the Sub-Fund may be more volatile than that of a sub-fund having a more diverse portfolio of investment and be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting these sectors.

As at period end, the overall market exposures were as follows:

	Fair Value HKD	% of net asset value attributable to shareholders value
Financial assets at fair value through profit or loss		
Listed equities	<u>82,160,209</u>	<u>99.84</u>
Listed equity securities	<u>82,160,209</u>	<u>99.84</u>
Total investments, at cost	<u>79,179,081</u>	

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

NOTES TO ANNUAL FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Market price risk (Continued)

The overall exposer of the Sub-Fund to sectors as at 31 December 2023 were as follows:

	Fair value HKD	31 December 2023 % to net asset value attributable to shareholders
Financials assets at fair value through profit or loss		
Communication Services	17,712,977	21.51
Consumer Discretionary	41,351,272	50.25
Consumer Staples	2,950,482	3.58
Financials	215,752	0.26
Health Care	4,901,119	5.96
Industrials	7,595,848	9.23
Information Technology	1,872,194	2.28
Materials	302,309	0.37
Real Estate	5,258,256	6.40
Total investment	<u>82,160,209</u>	<u>99.84</u>

The overall exposure of the Sub-Fund by territory as at 31 December 2023 were as follows:

	% of net asset value attributable to shareholders
Financial asset at fair value through profit or loss	
Hong Kong	<u>99.84</u>

NOTES TO ANNUAL FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)

(b) Market price risk (Continued)

As at 31 December 2023, the Sub-Fund held 50 out of 50 constituents comprising the Solactive Hong Kong Newly Listed Equities Index (net total return) in proportion to the constitution of the Solactive Hong Kong Newly Listed Equities Index (net total return).

Sensitivity analysis in the event of a possible change in the index by 2% as estimated by the Manager

As at 31 December 2023, if the Solactive Hong Kong Newly Listed Equities Index were to increase by 2%, with all other variables held constant, this would increase the pre-tax profit for the year and the net asset value by approximately HKD1,643,204. Conversely, if the Solactive Hong Kong Newly Listed Equities Index were to decrease by 2%, this would decrease the pre-tax profit for the year and the net asset value by an equal amount.

(c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund does not hold significant assets and liabilities denominated in currencies other than Hong Kong Dollars ("HKD"), the Sub-Fund's functional and presentation currency. Monetary assets and liabilities denominated in United States Dollars ("USD") are not considered as subject to currency risk as it is currently pegged to the USD within a narrow range. As a result, the Manager considers sensitivity analysis of currency risk is not necessary to be presented.

(d) Credit and counterparty risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

The Sub-Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and investments held with the custodian. The tables below summarise the assets placed with the bank and custodian with the counterparties of which the credit rating of the relevant counterparties are at or above investment grade as at 31 December 2023.

As at 31 December 2023	HKD
<u>Custodian</u>	
HSBC Institutional Trust Services (Asia) Limited	82,160,209
<u>Bank</u>	
The Hongkong and Shanghai Banking Corporation Limited	587,846

All transactions in investments are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of investments sold is only made when the Sub-Fund's brokers have received payment. Payment is made on a purchase once the investments have been received by the Sub-Fund's broker. The trade will fail if either party fails to meet its obligation.

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Manager consider both historical analysis and forward looking information in determining any expected credit loss. Applying the requirements of IFRS 9, the expected credit loss is immaterial for the Sub-Fund and, as such, no expected credit loss has been recognized within the financial statements.

NOTES TO ANNUAL FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk

Liquidity risk is the risk that Sub-Fund will encounter difficulty in settling its liabilities, including a redemption request.

The Sub-Fund is exposed to redemptions at each dealing day. The Sub-Fund invests the majority of its assets in investments that are traded in an active market and can be readily realisable.

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. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	On Demand HKD	Less than 1 month HKD	1-3 months HKD	Over 3 months HKD	No stated maturity HKD	Total HKD
Financial assets						
Financial assets at fair value through profit or loss	-	-	-	-	82,160,209	82,160,209
Bank interest receivable	-	10	-	-	-	10
Rebates receivables from the Manager	-	-	86,651	-	-	86,651
Cash at bank	587,846	-	-	-	-	587,846
Total	587,846	10	86,651	-	82,160,209	82,834,716
Financial liabilities						
Management fee payable	-	-	126,214	-	-	126,214
Administration fee payable	-	-	30,575	-	-	30,575
Custodian fee payable	-	872	-	-	-	872
Other accounts payable and accrued expenses	-	11,674	294,125	76,349	-	382,148
Total	-	12,546	450,914	76,349	-	539,809

As at 31 December 2023, there was 1 shareholder (acting as market intermediary) holding over 10% of the issued shares of the Sub-Fund,

The Sub-Fund's shares are redeemed on demand at the holder's option. However, the Management does not envisage that the contractual maturity disclosed in the table above will be representative of the actual cash outflows, as the holders of these instruments typically retain them for the medium to long term. As at 31 December 2023, there was one shareholder holding over 10% of the total net assets value of the Sub-Fund.

As at 31 December 2023, the Sub-Fund held cash and cash equivalents of HKD587,846 and other liquid assets of HKD82,246,870, that are expected to readily generate cash inflows within 1 month for managing liquidity risk.

NOTES TO ANNUAL FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair value estimation

The fair value of financial assets and liabilities traded that are not traded in an active market is determined by using broker quotes or valuation techniques.

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

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

The carrying amount of other receivables and payable are assumed to approximate their fair values.

IFRS Accounting Standards 13 requires the Sub-Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

NOTES TO ANNUAL FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)

(f) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets at fair value through profit or loss (by class) measured at fair value at 31 December 2023:

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
Financial assets at fair value through profit or loss				
- Listed equities	82,160,209	-	-	82,160,209
Total financial assets	82,160,209	-	-	82,160,209

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include quoted bonds.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As of 31 December 2023, the Sub-Fund does not hold any investments classified in Level 3.

There is no transfer between levels for the period ended 31 December 2023.

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

Assets and liabilities included in the statement of financial position, except for investments, are carried at amortized cost. Their carrying values are a reasonable approximation of fair value.

There are no other assets and liabilities not at fair value but for which the fair value is disclosed.

(g) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to shareholders. The amount of net assets attributable to shareholders can change significantly as the Sub-Fund are subject to subscriptions and redemptions on every business day at the discretion of shareholders. 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 shareholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

In order to maintain or adjust the capital structure, the Sub-Fund's policy is to perform the following:

- monitor the level of subscriptions and redemptions relative to the liquid assets; and
- redeem and issue shares in accordance with the trust deed of the Sub-Fund.

The Manager monitors capital on the basis of the value of net assets attributable to shareholders.

NOTES TO ANNUAL FINANCIAL STATEMENTS

5. FINANCIAL RISK MANAGEMENT (Continued)

(h) Financial instruments by category

Financial assets

Apart from investments which are categorized as fair value through profit or loss disclosed in the statement of financial position, all other financial assets as disclosed in the statement of financial position, including interest receivable and cash at bank are categorized as "financial assets at amortized cost".

Financial liabilities

All the financial liabilities as disclosed in the statement of financial position, including other accounts payables and accrued expenses, management fee payable and custodian fee payable are categorised as "other financial liabilities at amortised cost".

6. NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF HKD
Realised losses on sale of investments	(2,236,195)
Change in unrealised gains in value of investments	<u>2,981,128</u>
Net gain on financial assets at fair value through profit or loss	<u>744,933</u>

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES AND CONNECTED PERSONS

In addition to those disclosed in Note 5, the Sub-Fund had the following transactions with related parties and connected persons. Connected persons of the Manager and the Custodian are those as defined in the Code on Unit Trusts and Mutual Sub-Fund issued by the Securities and Futures Commission of Hong Kong. All such transactions were entered into in the ordinary course of business and on normal commercial terms. To the best of Manager's knowledge, the Sub-Fund did not have any other transactions with connected persons except for those disclosed.

(a) Interest income

Interest income amounted to HKD8,902 was earned on bank balances held with the Custodian and its related parties and connected persons for the period from 16 November 2022 (date of commencement of operations) to 31 December 2023.

(b) Management fee

Management fee of 0.6% per annum of the net asset value of the Sub-Fund is charged by Phillips Capital Management (HK) Limited, with a maximum rate of up to 1% per annum of the net asset value of the Sub-Fund. The management fee is accrued daily and calculated as at each dealing date. The Sub-Manager is reimbursed out the management fee.

During the period ended 31 December 2023, management fee was HKD604,252. As at 31 December 2023, management fee payable was HKD126,214.

NOTES TO ANNUAL FINANCIAL STATEMENTS

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES AND CONNECTED PERSONS (Continued)

(c) Safe custody and bank charges

During the period ended 31 December 2023, custodian fee and administration fee were HKD12,441 and HKD400,438 respectively.

As at 31 December 2023, custodian fee payable and administration fee payable were HKD872 and HKD30,575 respectively.

(d) Transaction fees

During the period ended 31 December 2023, the Sub-Fund had incurred transaction fees amounting to HKD486,706 paid to the Custodian and its related parties. As at 31 December 2023, the amount HKD6,674 was payable to the Custodian and its related parties.

(e) Other operating expenses

During the period ended 31 December 2023, the Sub-Fund had incurred other operating expenses amounting to HKD40,000 paid to the Custodian and its related parties. As at 31 December 2023, the amount HKD20,000 was payable to the Custodian and its related parties.

(f) Bank balances and financial assets at fair value through profit or loss

Bank balances included in the statement of financial position of all the Sub-Fund were placed with the related parties of the Custodian as at 31 December 2023.

Financial assets at fair value through profit or loss included in the statement of financial position of the Sub-Fund are held with the related parties of the Custodian as at 31 December 2023.

	PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF As at 31 December 2023 HKD
Bank balances	587,846
Financial assets at fair value through profit or loss	<u>82,160,209</u>

(g) Rebates from the Manager

The ongoing charges in respect of the Sub-Fund would be capped at 1.50% of the average net asset value of the Sub-Fund. Any excess of ongoing expense (excluding the management fee) of the Sub-Fund would be borne by the Manager and paid to the Sub-Fund as rebates. During the period ended 31 December 2023, total rebates from the Manager amounted to HKD86,651, of which HKD86,651 was outstanding at period ended.

NOTES TO ANNUAL FINANCIAL STATEMENTS

7. TRANSACTIONS AND BALANCES WITH RELATED PARTIES AND CONNECTED PERSONS (Continued)

(h) Investment transactions with connected persons

For the period from 16 November 2022 (date of commencement of operations) to 31 December 2023, Phillip Securities (Hong Kong) Limited, a related company of the Manager, acts as a market maker of the Sub-Fund. During the period, subscriptions and distributions of the Sub-Fund by Phillip Securities (Hong Kong) Limited as a market maker were 8,300,000 shares and 96,100 shares respectively.

Phillip Securities (Hong Kong) Limited was not entitled to any profits from the transactions in shares of the Sub-Fund for the period from 16 November 2022 (date of commencement of operations) to 31 December 2023.

8. SOFT COMMISSION ARRANGEMENTS

During the period ended 31 December 2023, the Manager and its connected persons did not enter into any soft commission arrangements with brokers relating to dealing in the assets of the Sub-Fund.

9. CONTINGENT LIABILITIES

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

10. NEGOTIABILITY OF ASSETS

The Sub-Fund does not have any assets restricted by statutory or contractual requirement as at 31 December 2023.

11. INVESTMENT LIMITATIONS AND PROHIBITIONS UNDER THE UT CODE

The UT code allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund's net asset value provided that:

- (a) The investment is limited to any such constituent securities that each accounts for more than 10% of the weighting of the tracked index; and
- (b) The Sub-Fund's holding of any such constituent securities may not exceed their respective weighting in the tracked index, except where weightings are exceeded as a result of changes in the composition of the tracked index and the excess is only traditional and temporary in nature.

Constituent securities that account for more than 10% of the net asset value of the Sub-Fund as at 31 December 2023 were as follows:

	Weighting in the tracked Index	Weighting in the Sub-Fund Net asset value
Baidu Inc	10.15	10.13
LI Auto Inc	10.08	10.06
Trip Com Group Ltd	10.36	10.34

NOTES TO ANNUAL FINANCIAL STATEMENTS

12. 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 objective of the Sub-Fund is to track the performance of their respective indices and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with characteristics of the tracked indices.

The internal financial information used by the Manager for the Sub-Fund's assets, liabilities and performance is the same as that disclosed in 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's income is derived from investments in securities which constitutes the relevant tracked indices.

The Sub-Fund's investments have been categorised by the relevant industry but no industrial information for performance is provided as the Manager considered that the cost to develop it would be excessive and the information is generally not used by the Manager in managing the Sub-Fund. The Sub-Fund has portfolios that closely correspond to the security weight and industry weight of the relevant tracked indices. Refer Note 10 for shareholding that account for more than 10% of each Sub-Fund's net asset value.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved for issue by the directors of the Company and the Manager of the Sub-Fund on 29 April 2024.

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

INVESTMENT PORTFOLIO (UNAUDITED)

As at 31 December 2023

	Holdings	Fair value HKD	% of net assets
Listed equities			
<u>Hong Kong</u>			
Communication Services			
Baidu Inc	71,838	8,340,392	10.13
Bilibili Inc	16,372	1,532,419	1.86
Flowing Cloud Technology Ltd	60,065	112,922	0.14
Kuaishou Technology	144,303	7,640,844	9.28
YH Entertainment Group	15,000	86,400	0.10
Consumer Discretionary			
Chervon Holdings Ltd	8,106	193,328	0.23
China Tourism Group	7,098	544,062	0.66
Fenbi Ltd	46,184	211,985	0.26
Haier Smart Home Co Ltd	148,772	3,280,423	3.99
LI Auto Inc	56,304	8,282,318	10.06
Miniso Group Holding Ltd	27,888	1,119,703	1.36
New Oriental Ed & Technology Group Inc	94,690	5,231,623	6.36
NIO Inc	92,649	6,818,966	8.29
Pop Mart International Group	40,954	829,319	1.01
Trip Com Group Ltd	30,661	8,511,494	10.34
Xpeng Inc	77,762	4,409,105	5.36
Zhejiang Leapmotor Technology	53,752	1,918,946	2.33
Consumer Staples			
Chongqing Hongjiu Fruit Co	24,990	131,197	0.16
JD Health International Inc	66,265	2,590,961	3.15
Shenzhen Pagoda Industrial	26,334	160,374	0.19
Star Plus Legend Holdings	9,000	67,950	0.08
Financials			
Bairong Inc	15,958	215,752	0.26
Health Care			
3D Medicines Inc	10,837	82,795	0.10
Angelalign Technology Inc	2,211	125,032	0.15
Asymchem Laboratories Tian	1,795	163,345	0.20
Gushengtang Holdings Ltd	8,712	439,085	0.53
Hutchmed China Ltd	32,366	928,904	1.13
Jacobio Pharmaceuticals Group	21,107	76,407	0.09
Joinn Laboratories China	5,984	76,954	0.09
Keymed Biosciences Inc	10,275	504,503	0.61

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

As at 31 December 2023

	Holdings	Fair value HKD	% of net assets
Listed equities (continued)			
<u>Hong Kong</u> (continued)			
Health Care (continued)			
New Horizon Health Ltd	15,829	366,441	0.45
Remegen Co Ltd	10,246	383,713	0.47
Sciclone Pharmaceuticals Holdings	14,752	205,348	0.25
Shanghai Microport Medbot	15,642	326,136	0.40
Wuxi XDC Cayman Inc	34,726	1,111,232	1.35
YSB Inc	13,498	111,224	0.14
Industrials			
Ane Cayman Inc	35,073	196,058	0.24
Huitongda Network Co Ltd	5,000	152,000	0.18
J&T Global Express Ltd	319,000	5,046,580	6.13
JD Logistics Inc	153,817	1,504,330	1.83
Tuhu Car Inc	24,800	696,880	0.85
Information Technology			
Kingsoft Cloud Holdings	125,663	252,583	0.31
Linklogis Inc	51,806	81,853	0.10
Qingdao Ainnovation Technology Group Co Ltd	9,145	84,774	0.10
Sensetime Group Inc	1,252,572	1,452,984	1.77
Materials			
Tianqi Lithium Corporation	7,006	302,309	0.37
Real Estate			
China Resources Mixc Lifestyle Services Ltd	39,021	1,086,735	1.32
KE Holdings Inc	49,905	2,160,886	2.63
Onewo Inc	73,577	1,832,067	2.23
Sunac Services Holdings Ltd	95,491	178,568	0.22
Total investments, at fair value		82,160,209	99.84
Other net asset		134,698	0.16
Total net assets attributable to shareholders		82,294,907	100.00
Total investments, at cost		79,179,081	

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the period from 16 November 2022 (date of commencement of operations) to 31 December 2023

	Holdings as at 16 November 2022 (date of commencement of operations)	Additions	Disposals	Corporate Actions	Holdings as at 31 December 2023
Listed equities					
<u>Hong Kong</u>					
3D Medicines Inc	-	17,392	6,555	-	10,837
AIM Vaccine Co Ltd	-	8,800	8,800	-	-
Akeso Inc	-	20,410	20,410	-	-
Alibaba Group Holding Ltd	-	104,233	104,233	-	-
Alphamab Oncology	-	32,591	32,591	-	-
Ane Cayman Inc	-	36,632	1,559	-	35,073
Angelalign Technology Inc	-	3,678	1,467	-	2,211
Asymchem Laboratories Tian	-	1,795	-	-	1,795
Baidu Inc	-	104,066	32,228	-	71,838
Bairong Inc	-	16,761	803	-	15,958
Bilibili Inc	-	17,913	1,541	-	16,372
Calb Group Co Ltd	-	15,922	15,922	-	-
Carsgen Therapeutics Holding	-	20,572	20,572	-	-
Chervon Holdings Ltd	-	28,743	20,637	-	8,106
China Conch Environment	-	41,315	41,315	-	-
China Feihe Ltd	-	140,213	140,213	-	-
China Resources Mixc Lifestyle Services Ltd	-	42,510	3,489	-	39,021
China Tourism Group	-	7,525	427	-	7,098
Chongqing Hongjiu Fruit Co	-	26,213	1,223	-	24,990
ESR Group	-	80,828	80,828	-	-
Everest Medicines Ltd	-	19,185	19,185	-	-
Fenbi Ltd	-	65,684	19,500	-	46,184
Flowing Cloud Technology Ltd	-	135,182	75,117	-	60,065
GDS Holdings Ltd	-	55,810	55,810	-	-
Giant Biogene Holding Co Ltd	-	20,648	20,648	-	-
Greentown Management Holding	-	22,625	22,625	-	-
Gushengtang Holdings Ltd	-	8,714	2	-	8,712
H World Group Limited	-	110,542	110,542	-	-
Haier Smart Home Co Ltd	-	162,680	13,908	-	148,772
Helens International Holding	-	19,891	19,891	-	-
Huitongda Network Co Ltd	-	5,000	-	-	5,000
Hutchmed China Ltd	-	33,129	763	-	32,366
Hygeia Healthcare Holdings	-	14,301	14,301	-	-
Innocare Pharma Ltd	-	43,603	43,603	-	-
J&T Global Express Ltd	-	319,000	-	-	319,000
Jacobio Pharmaceuticals Group	-	21,107	-	-	21,107

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 16 November 2022 (date of commencement of operations) to 31 December 2023

	Holdings as at 16 November 2022 (date of commencement of operations)	Additions	Disposals	Corporate Actions	Holdings as at 31 December 2023
Listed equities (continued)					
Hong Kong (continued)					
JD.Com Inc	-	68,731	68,731	-	-
JD Health International Inc	-	72,287	6,022	-	66,265
JD Logistics Inc	-	167,235	13,418	-	153,817
Jiumaojiu International Holding	-	29,578	29,578	-	-
Joinn Laboratories China	-	5,984	-	-	5,984
JS Global Lifestyle Co Ltd	-	35,696	35,696	-	-
KE Holdings Inc	-	123,186	73,281	-	49,905
Keep Inc	-	6,700	6,700	-	-
Keymed Biosciences Inc	-	11,636	1,361	-	10,275
Kingsoft Cloud Holdings	-	196,758	71,095	-	125,663
Kuaishou Technology	-	156,107	11,804	-	144,303
Lepu Biopharma Co Ltd	-	16,000	16,000	-	-
LI Auto Inc	-	62,961	6,657	-	56,304
Linklogis Inc	-	51,806	-	-	51,806
Ming Yuan Cloud Group Holding	-	69,985	69,985	-	-
Miniso Group Holding Ltd	-	29,738	1,850	-	27,888
Nayuki Holdings Ltd	-	19,127	19,127	-	-
Netease Inc	-	78,046	78,046	-	-
New Horizon Health Ltd	-	22,948	7,119	-	15,829
New Oriental Ed & Technology Group Inc	-	110,442	15,752	-	94,690
NIO Inc	-	106,378	13,729	-	92,649
Nongfu Spring Co Ltd	-	195,104	195,104	-	-
Onewo Inc	-	74,181	604	-	73,577
Peijia Medical Ltd	-	18,691	18,691	-	-
Pharmaron Beijing Co Ltd	-	6,577	6,577	-	-
Poly Property Services Co Ltd	-	4,863	4,863	-	-
Pop Mart International Group	-	44,191	3,237	-	40,954
Qingdao Ainnovation Technology Group Co Ltd	-	9,145	-	-	9,145
Remegen Co Ltd	-	10,940	694	-	10,246
Sciclone Pharmaceuticals Holdings	-	14,752	-	-	14,752
Sensetime Group Inc	-	1,285,139	32,567	-	1,252,572
Shanghai Microport Medbot	-	20,169	4,527	-	15,642
Shenzhen Pagoda Industrial	-	26,334	-	-	26,334
Sichuan Kelun-Biotech Biopha	-	800	800	-	-
Simcere Pharmaceutical Group	-	37,887	37,887	-	-
Smooore International Holding	-	151,928	151,928	-	-

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

For the period from 16 November 2022 (date of commencement of operations) to 31 December 2023

	Holdings as at 16 November 2022 (date of commencement of operations)	Additions	Disposals	Corporate Actions	Holdings as at 31 December 2023
Listed equities (continued)					
<u>Hong Kong</u> (continued)					
Star Cm Holdings Ltd	-	3,041	3,041	-	-
Star Plus Legend Holdings	-	9,000	-	-	9,000
Sunac Services Holdings Ltd	-	134,176	38,685	-	95,491
Tianqi Lithium Corporation	-	8,234	1,228	-	7,006
Topsports International Holding	-	91,709	91,709	-	-
Trip Com Group Ltd	-	33,032	2,371	-	30,661
Tuhu Car Inc	-	24,800	-	-	24,800
Venus Medtech Hangzhou Inc	-	9,260	9,260	-	-
Wuxi XDC Cayman Inc	-	34,726	-	-	34,726
XD Inc	-	9,551	9,551	-	-
Xpeng Inc	-	86,704	8,942	-	77,762
Yeahka Ltd	-	6,850	6,850	-	-
YH Entertainment Group	-	15,000	-	-	15,000
Yidu Tech Inc	-	25,567	25,567	-	-
YSB Inc	-	22,753	9,255	-	13,498
Yum China Holdings Inc	-	22,551	22,551	-	-
Zai Lab Ltd	-	49,822	49,822	-	-
Zhejiang Leapmotor Technology	-	57,882	4,130	-	53,752
Zhixin Group Holding Ltd	-	16,000	16,000	-	-
Zjld Group Inc	-	22,000	22,000	-	-
ZTO Express Cayman Inc	-	20,303	20,303	-	-
	-	5,870,204	2,295,403	-	3,574,801
Total of equity securities	-	5,870,204	2,295,403	-	3,574,801

PHILLIP HK NEWLY LISTED EQUITIES INDEX ETF
(A SUB-FUND OF PHILLIP ETF SERIES OFC)

PERFORMANCE RECORD (UNAUDITED)

For the period from 21 November 2022 (date of commencement of operations) to 31 December 2023

1. Net asset value

	Dealing net asset value per share HKD	Dealing net asset value HKD
At the end of financial period dated		
31 December 2023	9.9396	82,498,696

2. Highest issue and lowest redemption prices per share

	Highest attributable to shareholders per share HKD	Lowest attributable to shareholders per share HKD
For the period from 16 November 2022 (date of commencement of operations) to 31 December 2023	13.0712	9.2768

3. Comparison of the scheme performance and the actual index performance

The table below illustrates the comparison between the Sub-Fund's performance (Market-to-Market) and that of the index during the following periods:

	The index	HKD counter of the Sub-Fund
For the period from 16 November 2022 (date of commencement of operations) to 31 December 2023	4.12%	2.14%