

ChinaAMC Global ETF Series

**ChinaAMC Bloomberg China Treasury  
+ Policy Bank Bond Index ETF**

Annual Report

For the year ended  
31 December 2023



**华夏基金**  
**ChinaAMC**

## ANNUAL REPORT

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
Stock Code: 82813 (RMB counter), 02813 (HKD counter) and  
09813 (USD counter)  
(a sub-fund of ChinaAMC Global ETF Series)

For the year ended 31 December 2023

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

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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: <https://www.chinaamc.com.hk/product/chinaamc-bloomberg-china-treasury-policy-bank-bond-index-etf-2813-82813-9813-hk/>

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

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

#### MANAGEMENT AND ADMINISTRATION

##### **MANAGER**

China Asset Management (Hong Kong) Limited  
37/F, Bank of China Tower  
1 Garden Road  
Central, Hong Kong

##### **SERVICE AGENT**

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

##### **DIRECTORS OF THE MANAGER**

Gan Tian  
Li Yimei  
Li Fung Ming  
Sun Liqiang  
Yang Kun (appointed on 30 May 2023)

##### **LISTING AGENT**

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

##### **TRUSTEE AND REGISTRAR**

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

##### **LEGAL ADVISER TO THE MANAGER**

Simmons & Simmons  
30/F, One Taikoo Place  
979 King's Road  
Hong Kong

##### **AUDITOR**

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

##### **INVESTMENT ADVISER**

China Asset Management Co. Ltd.  
3/F Tower B, Tongtai Building  
No. 33 Finance Street  
Xicheng District, Beijing  
People's Republic of China

##### **PRC CUSTODIAN AND ONSHORE SETTLEMENT AGENT**

HSBC Bank (China) Company Limited  
33/F, HSBC Building  
Shanghai ifc  
8 Century Avenue  
Pudong, Shanghai  
China 200120

##### **CUSTODIAN**

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

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

MANAGEMENT AND ADMINISTRATION (continued)

**Participating Dealers**

ABN AMRO Clearing Hong Kong Limited  
Units 7001-06 & 7008B, level 70  
International Commerce Centre,  
1 Austin Road West,  
Kowloon, Hong Kong

BNP Paribas Securities Limited  
60-63/F Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

China Merchants Securities (HK) Co., Limited  
48/F, One Exchange Square  
8 Connaught Place  
Central, Hong Kong

Citigroup Global Markets Asia Limited  
50th Floor, Champion Tower  
Three Garden Road  
Central, Hong Kong

Guotai Junan Securities (Hong Kong) Limited  
26/F-28/F, Low Block, Grand Millennium Plaza  
181 Queen's Road  
Central, Hong Kong

Haitong International Securities Company Limited  
22/F Li Po Chun Chambers  
189 Des Voeux Road  
Central, Hong Kong

Huatai Financial Holdings (Hong Kong) Limited  
62/F, The Center  
99 Queen's Road  
Central, Hong Kong

Korea Investment & Securities Asia Ltd  
Suite 3716-19, Jardine House  
1 Connaught Place,  
Central, Hong Kong

Merril Lynch Far East Limited  
55/F, Cheung Kong Center  
2 Queen's Road  
Central, Hong Kong

Mirae Asset Securities (HK) Ltd  
Unit 8501,8507-8508,  
85/F, International Commerce Centre,  
1 Austin Road West,  
Kowloon, Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
Level 10 HSBC Main Building  
1 Queen's Road Central  
Hong Kong

Yue Xiu Securities Company Limited  
Rooms Nos. 4917-4937, 49/F  
Sun Hung Kai Centre  
No.30 Harbour Road  
Wanchai, Hong Kong

Zhongtai International Securities Limited  
19/F Li Po Chun Chambers  
189 Des Voeux Road  
Central, Hong Kong

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS

**Introduction**

The ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF (the “Sub-Fund”) is a sub-fund of ChinaAMC Global ETF Series, an umbrella unit trust established under Hong Kong law by a trust deed dated 17 September 2015, as amended and restated from time to time, between China Asset Management (Hong Kong) Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Sub Fund is a passively-managed ETF falling within Chapter 8.6 of the Code on Unit Trusts and Mutual Funds issued by the SFC. Units of the Sub-Fund (the “Units”) are traded on The Stock Exchange of Hong Kong Limited (the “SEHK”) like stocks. The Sub-Fund’s RMB counter (stock code: 82813) and HKD counter (stock code: 02813) commenced trading on the SEHK on 6 June 2018, and USD counter (stock code: 09813) commenced trading on the SEHK on 30 June 2021. The Sub-Fund is an index-tracking fund that seeks to track the performance of the Bloomberg China Treasury + Policy Bank Index (the “Index”).

The Manager will use a representative sampling strategy by investing in a representative sample of Treasury Bonds and Policy Bank Bonds in the Index that collectively reflects the investment characteristics of the Index. The Sub-Fund may or may not hold all of the Treasury Bonds and Policy Bank Bonds that are included in the Index, and may hold Treasury Bonds and Policy Bank Bonds which are not included in the Index, provided that these bonds collectively feature a high correlation with the Index. The Manager may overweight certain Treasury Bonds and Policy Bank Bonds which are included in the Index relative to those bonds’ respective weightings in the Index. The Sub-Fund will gain direct exposure to Treasury Bonds and Policy Bank Bonds by investing up to 100% of the NAV in the PRC inter-bank bond market under mutual bond market access between Hong Kong and Mainland China (“Bond Connect”) and the regime allowing foreign institutional investors to invest in the PRC inter-bank bond market (“Foreign Access Regime”). The Sub-Fund may also utilise other means as may be permitted by the relevant regulations from time to time.

**Performance of the Sub-Fund**

The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index. There can be no assurance that the Sub-Fund will achieve its investment objective. The Index aims to reflect the performance of the fixed rate RMB-denominated treasury bonds and policy bank bonds listed on the PRC inter-bank bond market.

The performance of the Sub-Fund is in below (Total Returns in respective currency<sup>1</sup>):

	1-Month	3-Month	Since Launch
The Index	1.04%	1.44%	30.01% <sup>2</sup>
RMB Counter of the Sub-Fund (NAV-to-NAV)	0.89%	1.25%	25.03% <sup>2</sup>
RMB Counter of the Sub-Fund (Market-to-Market)	0.74%	0.97%	24.27% <sup>2</sup>
HKD Counter of the Sub-Fund (NAV-to-NAV)	1.53%	4.20%	12.07% <sup>2</sup>
HKD Counter of the Sub-Fund (Market-to-Market)	1.60%	3.66%	11.82% <sup>2</sup>
USD Counter of the Sub-Fund (NAV-to-NAV)	1.48%	4.39%	0.61% <sup>3</sup>
USD Counter of the Sub-Fund (Market-to-Market)	1.51%	3.88%	0.62% <sup>3</sup>

<sup>1</sup> Source: Bloomberg, as of 31 December 2023. Performances of the benchmark Index and RMB Counter of the Sub-Fund are calculated in RMB while performances of HKD Counter and USD Counter of the Sub-Fund are calculated in HKD and USD. Past performance figures shown are not indicative of the future performance of the Sub-Fund.

<sup>2</sup> Calculated since 6 June 2018

<sup>3</sup> Calculated since 30 June 2021

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS (Continued)

**Activities of the Sub-Fund**

According to Bloomberg, the average daily trading volume of the Sub-Fund was 23 units from 01 January 2023 to 31 December 2023. As of 31 December 2023, there were 150,000 units outstanding.

China Asset Management (Hong Kong) Limited  
26 April 2024

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, China Asset Management (Hong Kong) Limited, the Manager of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF, a sub-fund of ChinaAMC Global ETF Series has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 17 September 2015, as amended or supplemented from time to time, for the year ended 31 December 2023.

.....  
HSBC Institutional Trust Services (Asia) Limited  
26 April 2024



ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

## STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

### **Manager's responsibilities**

China Asset Management (Hong Kong) Limited (the "Manager"), the Manager of the ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF (the "Sub-Fund"), a sub-fund of ChinaAMC Global ETF Series (the "Trust"), is required by the *Code on Unit Trusts and Mutual Funds* established by the Securities & Futures Commission of Hong Kong (the "SFC Code") and the trust deed dated 17 September 2015 (the "Trust Deed"), as amended or supplemented from time to time, to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Fund will continue in operation unless it is inappropriate to assume this.

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

The Trust is an umbrella unit trust governed by its Trust Deed. As at 31 December 2023, the Trust has established six sub-funds.

### **Trustee's responsibilities**

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Sub-Fund.

## **Independent auditor's report**

To the unitholders of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

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

#### **Opinion**

We have audited the financial statements of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF (a sub-fund of ChinaAMC Global ETF Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 11 to 38 which comprise the statement of financial position as at 31 December 2023, 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 disposition of the Sub-Fund as at 31 December 2023, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

#### **Basis for opinion**

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

#### **Emphasis of Matter**

We draw attention to note 2.1 to the financial statements which describes that the date of termination of the Sub-Fund was on 9 July 2024 and the financial statements for the year ended 31 December 2023 have not been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

#### **Key audit matters**

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

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

## Independent auditor's report (continued)

To the unitholders of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

## Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<b>Existence and valuation of financial assets at fair value through profit or loss</b>	
<p>As at 31 December 2023, financial assets at fair value through profit or loss amounted to RMB15,738,258 which represented 95.66% of the net asset value of the Sub-Fund.</p> <p>The financial assets at fair value through profit or loss were treasury bonds and policy bank bonds listed in the PRC inter-bank bond market comprising seven constituent bonds of Bloomberg China Treasury + Policy Bank Index.</p> <p>We focused on this area because the financial assets at fair value through profit or loss represented the principal element of the financial statements.</p> <p>Disclosures in respect of financial assets at fair value through profit or loss are set out in the summary of material accounting policies and notes 6 and 7 to the financial statements.</p>	<p>The procedures we performed to address the key audit matter included:</p> <ul style="list-style-type: none"><li>• Obtained independent confirmation from the custodian of the financial assets at fair value through profit or loss held at 31 December 2023, and agreed the quantities held to the Sub-Fund's accounting records.</li><li>• Obtained an understanding of the valuation process of financial assets and liabilities at fair value through profit or loss.</li><li>• Tested the valuation of the financial assets at fair value through profit or loss that were quoted in active markets by independently agreeing the valuation of financial assets to third-party sources at 31 December 2023.</li><li>• Assessed the adequacy of disclosures relating to financial assets at fair value through profit or loss in the financial statements.</li></ul>

## 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 (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 ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

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

The Manager and the Trustee are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the 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 Trustee 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 disclosure provisions of the trust deed dated 17 September 2015 (the "Trust Deed"), as amended or supplemented from time to time, and the relevant disclosure provisions of Appendix E to the *Code on Unit Trusts and Mutual Funds* (the "SFC Code") of the Hong Kong Securities and Futures Commission.

### **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 disclosure 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.
- 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.

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

To the unitholders of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

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

- Conclude on the appropriateness of the Manager's and Trustee's use of the going concern basis of accounting. When such use is inappropriate and management uses an alternative basis of accounting, we conclude on the appropriateness of Manager's and Trustee's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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.

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

From the matters communicated with the Manager and the Trustee, 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 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 disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Wong Man Kin.

Certified Public Accountants  
Hong Kong  
26 April 2024

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
(a sub-fund of ChinaAMC Global ETF Series)

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB	2022 RMB
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	6	15,738,258	15,512,291
Interest receivables		267,349	267,949
Amount due from Manager	3(a)	278,540	262,910
Cash and cash equivalents	8	550,666	549,712
<b>TOTAL ASSETS</b>		<u>16,834,813</u>	<u>16,592,862</u>
<b>LIABILITIES</b>			
Management fee payable	3(b)	2,084	2,460
Trustee and registrar fees payable	3(d)	38,727	51,517
Other payables and accruals		341,891	378,706
<b>TOTAL LIABILITIES</b>		<u>382,702</u>	<u>432,683</u>
<b>EQUITY</b>			
Net assets attributable to unitholders	9	<u>16,452,111</u>	<u>16,160,179</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>16,834,813</u>	<u>16,592,862</u>

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

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB	2022 RMB
<b>INCOME</b>			
Interest income		<u>507,676</u>	<u>875,623</u>
		<u>507,676</u>	<u>875,623</u>
<b>EXPENSES</b>			
Management fee	3(b)	(24,425)	(70,299)
Trustee and registrar fees	3(d)	(456,000)	(456,380)
Accounting fees	3(f)	(60,900)	(60,900)
Auditor's remuneration		(98,250)	(96,251)
Transaction fees	3(g), 4	(1,592)	(4,577)
Legal fees and other professional fees		-	(71,444)
Safe custody and bank charges	3(e)	(8,613)	(15,440)
Other operating expenses		<u>(359,544)</u>	<u>(255,945)</u>
		<u>(1,009,324)</u>	<u>(1,031,236)</u>
Investment manager reimbursement of fees	3(a)	<u>989,783</u>	<u>1,051,011</u>
		<u>(19,541)</u>	<u>19,775</u>
<b>PROFIT BEFORE INVESTMENT GAINS AND EXCHANGE DIFFERENCES</b>		<b>488,135</b>	<b>895,398</b>
<b>INVESTMENT GAINS AND EXCHANGE DIFFERENCES</b>			
Net realised gains on financial assets at fair value through profit or loss		-	58,185
Net change in unrealized gains/(losses) on financial assets at fair value through profit or loss		228,895	(152,712)
Foreign exchange differences		<u>(5,034)</u>	<u>(27,377)</u>
		<u>223,861</u>	<u>(121,904)</u>
<b>PROFIT BEFORE TAX</b>		<u><b>711,996</b></u>	<u><b>773,494</b></u>
Income tax expenses	5	<u>(64)</u>	<u>(150)</u>
<b>TOTAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u><b>711,932</b></u></u>	<u><u><b>773,344</b></u></u>

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

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2023

	Note	Number of units	RMB
At 1 January 2022		150,000	15,973,405
Issue of units during the year		150,000	16,200,990
Redemption of units during the year		(150,000)	(16,157,560)
Distributions to unitholders	10	-	(630,000)
Total profit or loss and other comprehensive income		<u>-</u>	<u>773,344</u>
At 31 December 2022 and 1 January 2023		150,000	16,160,179
Distributions to unitholders	10	-	(420,000)
Total profit or loss and other comprehensive income		<u>-</u>	<u>711,932</u>
At 31 December 2023		<u>150,000</u>	<u>16,452,111</u>

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



ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
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STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 RMB	2022 RMB
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		711,996	773,494
Adjustments for:			
(Decrease)/increase in financial assets at fair value through profit or loss		(225,967)	1,138
Decrease in interest receivables		600	8,671
(Decrease)/increase in amount due from the Manager		(15,630)	24,967
Decrease in prepayments		-	23,306
Decrease in management fee payable		(376)	(2,104)
Decrease in trustee and registrar fees payable		(12,790)	-
Decrease in other payables and accruals		(36,815)	(299,101)
Cash generated from operations		421,018	530,371
Tax paid		(64)	(150)
Net cash flows from operating activities		<u>420,954</u>	<u>530,221</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of units		-	16,200,990
Payments on redemption of units		-	(16,157,560)
Distribution paid to unitholders		(420,000)	(630,000)
Net cash flows used in financing activities		<u>(420,000)</u>	<u>(586,570)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		954	(56,349)
Cash and cash equivalents at the beginning of the year		<u>549,712</u>	<u>606,061</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>			
	8	<u>550,666</u>	<u>549,712</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Cash at banks	8	<u>550,666</u>	<u>549,712</u>
Net cash flows from operating activities include:			
Interest received on bank deposits net of withholding tax		<u>900</u>	<u>2,564</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 1. THE TRUST

ChinaAMC Global ETF Series (the "Trust") is an umbrella unit trust governed by its trust deed dated 17 September 2015 (the "Trust Deed"), as amended or supplemented from time to time, between China Asset Management (Hong Kong) Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust Deed is governed by Hong Kong law. The Trust is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") pursuant to section 104(1) of the Securities and Futures Ordinance (the "SFO") of Hong Kong. The Trust Deed has been amended by way of an amended and restated trust deed effective 31 December 2019.

These financial statements relate to the second sub-fund of the Trust, ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF (the "Sub-Fund"). The date of inception of the Sub-Fund was 6 June 2018. The Sub-Fund commenced trading on the Stock Exchange of Hong Kong (the "SEHK") under stock codes 82813 (RMB counter) and 02813 (HKD counter) on 6 June 2018, and 09813 (USD counter) on 30 June 2021.

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Bloomberg China Treasury + Policy Bank Index (the "Index"). The Sub-Fund is a physical exchange traded fund investing directly in underlying debt securities.

Pursuant to the announcement dated 17 April 2024 (the "Announcement"), the Manager has notified all its existing unitholders regarding its liquidation plan for the Sub-Fund. The Manager intends to liquidate the Sub-Fund and to wind up the Sub-Fund by way of a voluntary liquidation. The last valuation date of the Sub-Fund upon liquidation of all assets is 29 May 2024. The final distribution will be made to unitholders who remained as at 30 May 2024 (the "Distribution Record Date"). The distribution will be paid on 19 June 2024 (the "Distribution Date"). The termination date is 18 July 2024.

### 2. ACCOUNTING POLICY

#### 2.1 BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the *Code on Unit Trusts and Mutual Funds* of the SFC (the "SFC Code").

The financial statements are presented in Chinese Renminbi ("RMB") and all values are rounded to the nearest RMB except where otherwise indicated.

As explained in note 1 to the financial statements, the Manager intends to terminate the Sub-Fund. Accordingly, in the opinion of the Manager of the Fund, the going concern basis is no longer applicable and these financial statements have been prepared on a liquidation basis. The Manager of the Fund have assessed the carrying values of the Fund's assets and liabilities and determined that these approximate the net realisable values and estimated settlement amounts, respectively. The liquidation costs will be borne by the Manager. Due to the change of basis of preparation, the amounts presented in these financial statements and the related explanatory notes for the year ended 31 December 2023 are not entirely comparable with the amounts presented for the financial year ended 31 December 2022, which were prepared on a going concern basis.

## NOTES TO THE FINANCIAL STATEMENTS

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### 2.4. MATERIAL ACCOUNTING POLICIES (continued)

#### Net realised gains on financial assets at fair value through profit or loss

Realised gains on disposals of financial assets at FVPL are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

#### Transaction fees

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

#### Formation costs

Formation costs are recognised as an expense in the year in which they are incurred.

#### Revenue recognition

##### Interest income

Interest income is recognised on an accrual basis using the EIR by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

#### 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.

#### Taxes

The Sub-Fund is exempt from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. 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. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 2.4. MATERIAL ACCOUNTING POLICIES (continued)

#### Redeemable units

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 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 instruments or contracts that have:

- (a) total cash flows based substantially on 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.

The Sub-Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. 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 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 profit or loss on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

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

The following is a summary of significant related party transactions entered into during the period between the connected persons of the Sub-Fund, as defined in the SFC code, including the Trustee, the Manager and their connected persons. All transactions entered into during the period between the Sub-Fund, the Trustee, 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 transactions with connected persons except for those disclosed below.

(a) Expenses borne by the Manager

Prior to 27 July 2022, the product key facts of the Sub-Fund stated that it was the Manager's intention to cap the ongoing charges of the Sub-Fund at 0.85% of the average net asset value published from 6 June 2018 to 31 December 2022 ("Average Net Asset Value") per unit of the Sub-Fund; any ongoing charges in excess of such figure as at the end of the reporting period will be borne by the Manager. With effect from 27 July 2022, the Manager decided to impose a cap of 0.28% per annum on the ongoing charges figure of the Sub-Fund; any ongoing expenses incurred during 2022 and subsequent years will be borne by the Manager and will not be charged to the Sub-Fund if such expenses would result in the ongoing charges figure of the respective year exceeding 0.28% per annum of the average Net Asset Value of the Sub-Fund.

The amount of expenses incurred by the Sub-Fund and borne by the Manager for the year ended 31 December 2023 was RMB989,783 (2022: RMB1,051,011). As at 31 December 2023, the amount due from the Manager was RMB278,540 (2022: RMB262,910).

(b) Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, up to 1% per annum with respect to the net asset value of the Sub-Fund calculated and accrued on each dealing day and is paid monthly in arrears. Prior to 22 July 2022, the management fee level was at 0.3% per annum. With effect from 27 July 2022, the Manager decided to reduce the management fee level to 0.15% per annum of the Net Asset Value of the Sub-Fund.

The management fee for the year ended 31 December 2023 was RMB24,425 (2022: RMB70,299). As at 31 December 2023, a management fee of RMB2,084 (2022: RMB2,460) was payable to the Manager.

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

The investments and bank balances deposited with the Trustee's affiliates as at 31 December 2023 and 31 December 2022 are summarised below.

	Notes	2023 RMB	2022 RMB
<u>Investments</u>			
HSBC Bank (China) Company Limited ("HSBC Bank (China)")	6	15,738,258	15,512,291
<u>Bank balances</u>			
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	8	388,020	497,881
HSBC Bank (China) Company Limited ("HSBC Bank (China)")	8	162,646	51,831

For the year ended 31 December 2023, interest income of RMB963 (2022: RMB2,564) was recognised from the bank deposits with the Trustee's affiliates.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

(d) Trustee and registrar fees

The Trustee is entitled to receive a trustee fee of up to 1% per annum of the net asset value of the Sub-Fund, accrued daily and calculated as at each dealing day and payable monthly in arrears. The trustee fee is calculated as a percentage per annum of the net asset value of the Sub-Fund at the rates as follows, subject to a monthly minimum of RMB38,000:

	Trustee fee percentage per annum
For the first RMB500 million	0.08%
Thereafter	0.06%

Trustee and registrar fees for the year ended 31 December 2023 were RMB456,000 (2022: RMB456,380). As at 31 December 2023, trustee fees of RMB38,727 (2022: RMB51,517) were payable to the Trustee.

Trustee fee may be increased by agreement with the Manager up to the maximum on giving one month's notice to Unitholders. The Trustee is also entitled to an inception fee of RMB24,300 for the establishment of the Sub-Fund.

The Trustee shall also be entitled to be reimbursed out assets of the Sub-Fund all out-of-pocket expenses incurred.

The Trustee (acting as the Registrar) is also entitled to a fee of RMB95 per participating dealer per transaction and an administration transaction fee of RMB6,300 per participating dealer per transaction, for handling any creation and redemption of units of the Sub-Fund.

(e) Safe custody and bank charges

The Trustee is entitled to receive custodian fees from the Sub-Fund at a current rate of 0.055% per annum, calculated monthly and paid monthly in arrears.

The custodian fees for the year ended 31 December 2023 were RMB8,613 (2022: RMB15,440). As at 31 December 2023 and 31 December 2022, no custodian fee was payable to the Trustee.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

(f) Accounting professional fees

The Trustee is entitled to receive an accounting fee from the Sub-Fund for preparing the interim and year-end financial statements.

The accounting fee for the year ended 31 December 2023 was RMB60,900 (2022: RMB60,900). As at 31 December 2023, the accounting fee of RMB40,600 (2022: RMB40,600) was payable to the Trustee.

(g) Transaction fees

The Trustee is entitled to receive a transaction fee of RMB221 for each purchase and sale through the China Interbank Bond Market. The transaction fee for the year ended 31 December 2023 was RMB1,592 (2022: RMB4,577). As at 31 December 2023, there was no transaction fee payable to the Trustee(2022: Nil).

(h) Investment transactions with connected persons of the Trustee

For the year ended 31 December 2023, there was no broker commission through HSBC Bank (China), a fellow subsidiary of the Trustee (2022: Nil).

	Aggregate value of purchases and sales of securities RMB	Total commission paid RMB	% of the Sub-Fund's total transactions during the year %	Average commission rate %
For the year ended 31 December 2023				
HSBC Bank (China)	-	-	-	-
For the year ended 31 December 2022				
HSBC Bank (China)	21,904,371	-	63.55%	-

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 4. TRANSACTION FEES

The amount represented transaction fees incurred for purchases and sales of units and charged by the relevant brokers as disclosed in note 3(g) to the financial statements.

### 5. INCOME TAX

#### PRC tax

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend/interest income) imposed on securities issued by PRC tax resident enterprises.

#### *Distribution tax*

A 10% PRC withholding tax has been levied on dividend and interest payments from PRC companies to foreign investors. The Sub-Fund is subject to a distribution tax of 10%. There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future.

According to Circular Caishui [2018] 108 ("Circular 108"), foreign institutional investors are temporarily exempt from PRC withholding income tax with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. The exemption period was extended to 31 December 2025 in accordance with Circular Caishui [2021] 34 ("Circular 34"). The Manager of Sub-Fund had temporarily ceased to make any provision in respect of withholding tax on the bond interest income received by the Sub-Fund from its investments up to and including 31 December 2023.

For the year ended 31 December 2023, the distribution tax expense was RMB64 (2022: RMB150).

#### *Value-added tax*

According to Circular Caishui [2016] 36 ("Circular 36"), interest income received from investment in non-government bonds is subject to PRC value-added tax ("VAT") at 6% from 1 May 2016 onwards. If the investors are non-PRC residents, the PRC VAT should technically be withheld by PRC bond issuers, unless the PRC authorities would clarify otherwise. Circular 36 does not mention whether asset management products should be subject to VAT.

Subsequently, Circular Caishui [2016] 140 ("Circular 140") and Circular Caishui [2017] 2 ("Circular 2") were issued. However, there was still a lack of clarification on whether asset management products should be subject to VAT. Later on, Circular Caishui [2017] 56 was issued. There was a clarification about Circular 36, stipulating that PRC VAT shall be applied to non-government bond interest received by offshore asset management products on or after 1 May 2016. It also stipulated that asset management products would be subject to VAT starting from 1 January 2018.

The prevailing VAT regulations do not specifically exempt VAT on interest income received by Qualified Foreign Institutional Investors (the "QFIIs"), RMB Qualified Foreign Institutional Investors (the "RQFIIs") and qualified foreign financial institutions for directly investing in the China Interbank Bond Market or via Bond Connect (the "CIBM investor") from investments in PRC debt securities. Interest receipts from investments in PRC debt securities by QFIIs, RQFIIs and CIBM investors shall be subject to 6% VAT unless special exemption applies. In addition, there are also other local surtaxes that would amount to as high as 12% of VAT liabilities. The State Administration of Taxation is working on the implementation rule for the VAT collection in relation to asset management products. Currently in practice, PRC bond issuers have not withheld PRC VAT and local surcharges when paying non-government bond interest to offshore asset management products.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 5. INCOME TAX (continued)

PRC tax (continued)

*Value-added tax* (continued)

Interest income derived from government bonds issued by the Ministry of Finance, or bonds issued by local government of a province, autonomous region, municipality directly under the Central Government or municipality separately listed on the state plan as approved by the State Council ("Government Bonds") is exempt from PRC withholding tax and VAT. According to Circular 36 and Caishui [2016] 46, deposit interest income is not subject to VAT.

According to Circular 108, foreign institutional investors are temporarily exempt from PRC VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. The exemption period was extended to 31 December 2025 in accordance with Circular 34. The Manager had temporarily ceased to make any provision in respect of VAT and other surtaxes on VAT on the bond interest income received by the Sub-Fund from its investments up to and including 31 December 2023.

For the year ended 31 December 2023, there were no PRC VAT and local surcharges on non-government bond interest received (2022: Nil).

### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 RMB	2022 RMB
Financial assets at fair value through profit or loss		
- debt securities	<u>15,738,258</u>	<u>15,512,291</u>

### 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the period end date.

The Sub-Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

The Sub-Fund's fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

When a price for an identical asset or liability is not observable, the Sub-Fund measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, the Sub-Fund's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
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NOTES TO THE FINANCIAL STATEMENTS

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7. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a fair value measurement shall assume that a transaction takes place at that date, considering from the perspective of a market participant that holds the asset or owes the liability. That assumed transaction establishes a basis for estimating the price to sell the asset or to transfer the liability.

The price recorded by the Trustee was based on the quote from Intercontinental Exchange, Inc.

Valuation techniques

Financial instruments traded 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.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value as at 31 December 2023 and 31 December 2022.

	Quoted prices in active markets Level 1 RMB	Significant observable inputs Level 2 RMB	Significant unobservable inputs Level 3 RMB	Total RMB
31 December 2023				
<u>Financial assets at fair value through profit or loss</u>				
- Debt securities	-	15,738,258	-	15,738,258
31 December 2022				
<u>Financial assets at fair value through profit or loss</u>				
- Debt securities	-	15,512,291	-	15,512,291

There are no investments classified within Level 1 and Level 3 and no transfers between levels during the years ended 31 December 2023 and 31 December 2022.

8. CASH AND CASH EQUIVALENTS

	2023 RMB	2022 RMB
Cash at banks	550,666	549,712

Cash at banks was with HSBC and HSBC Bank (China) Company Limited, affiliate companies of the Trustee of the Sub-Fund. The bank accounts are interest-bearing accounts. The carrying amount of the cash at banks approximates to its fair value.

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9. REDEEMABLE UNITS

	2023 Units	2022 Units
Number of units at the beginning of the year	150,000	150,000
Units issued	-	150,000
Units redeemed	-	(150,000)
Number of units at the end of the year	<u>150,000</u>	<u>150,000</u>

The creation and redemption of units of the Sub-Fund can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer.

The Trustee shall receive subscription proceeds from the participating dealers for the creation of units and pay redemption proceeds for the redemption of units to the relevant participating dealer in such form and manner as prescribed by the Trust Deed.

Units are denominated in base currency and no fractions of a unit shall be created or issued by the Trustee. Units of the Sub-Fund are offered and issued at their dealing net asset value only in aggregation of a specified number of application units ("Application Unit"). Units are redeemable only in an Application Unit or the multiple thereof at the dealing net asset value. Currently, creation and redemption of units will be effected in cash only.

A reconciliation of the net assets attributable to unitholders of redeemable units as reported in the statement of financial position to the net assets attributable to unitholders of redeemable units as determined for the purposes of processing unit subscriptions and redemptions is provided below:

	2023 RMB	2022 RMB
Net assets attributable to unitholders as at the last business day for the year (calculated in accordance with the Prospectus)	16,452,111	16,219,180
Adjustments for formation costs (Note)	<u>-</u>	<u>(59,001)</u>
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>16,452,111</u>	<u>16,160,179</u>
Net assets attributable to unitholders (per unit) as at the last business day for the year (calculated in accordance with the Prospectus)	<u>109.6807</u>	<u>108.1279</u>
Net assets attributable to unitholders (per unit) (calculated in accordance with IFRSs)	<u>109.6807</u>	<u>107.7345</u>

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
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NOTES TO THE FINANCIAL STATEMENTS

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9. THE REDEEMABLE UNITS (continued)

Note:

The published net assets are calculated in accordance with the Prospectus where formation costs are capitalised and to be amortised over the first five years of the operation of the Sub-Fund, while for the net assets attributable to unitholders per IFRSs, the preliminary expenses had to be deducted as they were incurred in the inception year. There was no unamortised amount was (2022: RMB59,001) and there is no remaining period (2022: 5 months) as at 31 December 2023.

10. DISTRIBUTIONS

	Distribution per unit RMB	RMB
Undistributed income at 1 January 2022		-
Total profit or loss and other comprehensive income		773,344
Add: Net loss on financial assets at fair value through profit or loss		<u>94,527</u>
Undistributed income before distribution		867,871
Interim distribution declared		
on 7 January 2022 (paid on 28 January 2022)	0.60	(90,000)
on 6 April 2022 (paid on 29 April 2022)	0.55	(165,000)
on 8 July 2022 (paid on 29 July 2022)	0.60	(180,000)
on 7 October 2022 (paid on 31 October 2022)	0.65	(195,000)
Transfer to capital		<u>(237,871)</u>
Undistributed income at 31 December 2022 and 1 January 2023		-
Total profit or loss and other comprehensive income		711,932
Add: Net loss on financial assets at fair value through profit or loss		<u>(228,895)</u>
Undistributed income before distribution		483,037
Interim distribution declared		
on 4 January 2023 (paid on 31 January 2023)	0.70	(105,000)
on 4 April 2023 (paid on 28 April 2023)	0.70	(105,000)
on 7 July 2023 (paid on 31 July 2023)	0.70	(105,000)
on 5 October 2023 (paid on 31 October 2023)	0.70	(105,000)
Transfer to capital		<u>(63,037)</u>
Undistributed income at 31 December 2023		<u>-</u>

The Manager may in its absolute discretion distribute income to unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year. The amount to be distributed to unitholders, if any, will be derived from the net income of the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS

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11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Investment in the Sub-Fund is subject to market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The performance of the Sub-Fund will be affected by a number of risk factors, including the following:

Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and indirectly observable variables such as volatilities and correlations. Market risk includes factors such as changes in economic environment, consumption pattern and investors' expectation, 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 of redeemable units of the Sub-Fund.

The maximum risk resulting from financial instruments equals their fair value.

The Sub-Fund assumes market risk in trading activities. The Sub-Fund classifies market risk into price risk, interest rate risk, and foreign exchange risk.

*Price risk*

The Sub-Fund's market price risk is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The table below summarises the overall market exposures of the Sub-Fund and the impact of increases/decreases from the Sub-Fund's financial assets at fair value through profit or loss on the Sub-Fund's net asset value as at 31 December 2023 and 31 December 2022. However, this does not represent a prediction of the future movement in the corresponding key markets.

	Carrying value of financial assets at fair value through profit or loss RMB	% of net assets %	Increase/ (decrease) in shift in securities %	Increase/ (decrease) in estimated possible change in net asset value RMB
<b>31 December 2023</b>				
Financial assets at fair value through profit or loss	15,738,258	95.66%	1 (1)	157,383 (157,383)
<b>31 December 2022</b>				
Financial assets at fair value through profit or loss	15,512,291	95.99%	1 (1)	155,123 (155,123)

NOTES TO THE FINANCIAL STATEMENTS

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11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

*Interest rate risk*

Interest rate risk arises from the effects of fluctuations of market interest rates on the fair value of interest-bearing assets and future cash flows.

As the Sub-Fund has invested in debt securities whose values are driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition and monitors changes in interest rate outlook to control the impact of interest rate risk. In a rising interest rate environment, the Sub-Fund will acquire debts with a shorter maturity profile to minimise the negative impact on the portfolio.

The majority of interest rate exposure arises on investments in debt securities. All of the Sub-Fund's investments in debt securities carry fixed interest rates.

The following table demonstrates the sensitivity of the Sub-Fund's profit for the years ended 31 December 2023 and 31 December 2022 to a reasonably possible change in interest rate, with all other variables held constant.

	Change in basis points	(Decrease)/ increase in sensitivity of change in fair value of investments RMB
31 December 2023		
- Debt securities	25	304,743
- Debt securities	(25)	(304,743)
31 December 2022		
- Debt securities	25	(300,433)
- Debt securities	(25)	300,433

The Sub-Fund also has interest-bearing bank deposits. As the bank deposits have maturity dates falling within three months, the Manager considers the movement in interest rates will not have significant cash flow impact on NAV for the years ended 31 December 2023 and 31 December 2022, and therefore no sensitivity analysis on bank deposits is presented.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

*Foreign exchange risk*

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

The Sub-Fund holds assets and liabilities mainly denominated in RMB, the functional currency of the Sub-Fund. The Manager considers the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

Liquidity risk

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

The table below summarises the maturity profile of the Sub-Fund's financial assets and liabilities at the end of the reporting period based on contractual undiscounted cash flows in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

*Financial liabilities*

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Sub-Fund can be required to pay.

*Financial assets*

Analysis of debt securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	On demand RMB'000	Less than 1 month RMB'000	1 to 3 months RMB'000	4 to 12 months RMB'000	Total RMB'000
31 December 2023					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	15,738	-	-	15,738
Interest receivables	-	57	92	118	267
Amount due from the Manager	-	-	279	-	279
Cash and cash equivalents	551	-	-	-	551
Total	551	15,795	371	118	16,835
<u>Financial liabilities</u>					
Management fee payable	-	2	-	-	2
Trustee and registrar fees payable	-	36	3	-	39
Other payables and accruals	-	-	9	333	342
Total	-	38	12	333	383
31 December 2022					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	15,512	-	-	15,512
Interest receivables	-	57	92	119	268
Amount due from the Manager	-	-	263	-	263
Cash and cash equivalents	550	-	-	-	550
Total	550	15,569	355	119	16,593
<u>Financial liabilities</u>					
Management fee payable	-	2	-	-	2
Trustee and registrar fees payable	-	52	-	-	52
Other payables and accruals	-	27	99	253	379
Total	-	81	99	253	433



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Credit and counterparty risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Sub-Fund by failing to discharge an obligation. The Sub-Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honor its contractual obligations. These credit exposures exist within debt instruments and cash and cash equivalents.

The Sub-Fund invested in PRC treasury bonds and policy bank bonds that carry a credit rating are at or above investment grade. If the issuer of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected.

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

As at 31 December 2023, all of the Sub-Fund's financial assets were exposed to credit risk. These include investments and cash and cash equivalents placed with banks and the custodian. All of the Sub-Fund's debt securities have a credit rating are at or above investment grade.

Credit risk is managed by reviewing and monitoring the credit quality of debt securities held by the Sub-Fund or the issuers of the debt securities held by the Sub-Fund on an ongoing basis.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosure requirements or not.

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

The Sub-Fund's financial assets subject to the ECLs model within IFRS 9 are cash and cash equivalents, interest receivables and amount due from the Manager. As at 31 December 2023, the total of cash and cash equivalents, interest receivables and amount due from the Manager was RMB1,096,555 on which no loss allowance had been provided (2022: total of RMB1,080,571 on which no loss allowance had been provided). No assets are considered to be impaired and no amounts have been written off in the year (2022: Nil).

For financial assets measured at amortised cost, the Sub-Fund applies the general approach for impairment, there is no information indicating that the financial asset had a significant increase in credit risk since initial recognition. The financial assets therefore are classified as stage 1 and presented in gross carrying amount.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### Credit and counterparty 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 equivalents, interest receivables and amount due from the Manager. All the Sub-Fund's cash and cash equivalents are held in major financial institutions located in Hong Kong and China, 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.

##### **Financial assets not subject to IFRS 9's impairment requirements**

The Sub-Fund is exposed to credit risk on debt securities. This class of financial assets is not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets represents the Sub-Fund's maximum exposure to credit risk on financial instruments not subject to IFRS 9's impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the custodian. As at 31 December 2023 and 2022, the credit ratings of the Fund's custodian are at or above investment grade. The Manager of the Sub-Fund considers that none of these assets were impaired nor past due as at 31 December 2023 and 31 December 2022.

### 12. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund for the years ended 31 December 2023 and 31 December 2022. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

### 13. SEGMENT INFORMATION

The Manager makes 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 the Sub-Fund has a single operating segment which is investments in securities. The objectives of the Sub-Fund are to track the performance of the Index and invest in some of the index constituents that are closely aligned with the characteristics of the tracked index.

The internal financial information used by the Manager for the Sub-Fund's assets, liabilities and performance is the same as that disclosed in the statement of financial position and the statement of profit or loss and other comprehensive income.

The Sub-Fund is domiciled in Hong Kong. All of the Sub-Fund's income is derived from investments in debt securities from its tracked index. The Sub-Fund's investments are mainly domiciled in the PRC.

The Sub-Fund has no assets classified as non-current assets. The Sub-Fund has portfolios that closely correspond to the security weight and industry weight of its tracked index.

### 14. EVENTS AFTER THE REPORTING PERIOD

During the period between the year end and the date of authorisation of these financial statements, there were 50,000 units subscription and 50,000 units redemption of units of the Sub-Fund.

Pursuant to the announcement dated 17 April 2024 (the "Announcement"), the Manager has notified all its existing unitholders regarding its liquidation plan for the Sub-Fund. The Manager intends to liquidate the Sub-Fund and to wind up the Sub-Fund by way of a voluntary liquidation. The last valuation date of the Sub-Fund upon liquidation of all assets is 29 May 2024. The final distribution will be made to unitholders who remained as at 30 May 2024 (the "Distribution Record Date"). The distribution will be paid on 19 June 2024 (the "Distribution Date"). The termination date is 18 July 2024.

### 15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 26 April 2024.

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF  
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INVESTMENT PORTFOLIO

31 December 2023

	Holdings (units)	Fair Value (RMB)	% of net assets
<b>LISTED BONDS</b>			
<b>China</b>			
CHINA (GOVT OF) (SER INBK) (REG) 2.69% 12/08/2026	600,000	606,456	3.69
CHINA (GOVT OF) (SER INBK) (REG) 2.85% 04/06/2027	2,000,000	2,031,884	12.35
CHINA (GOVT OF) (SER INBK) (REG) 3.02% 27/05/2031	3,000,000	3,094,155	18.81
CHINA DEVELOPMENT BANK (REG) SER 1810 4.04% 06/07/2028	3,000,000	3,190,972	19.39
CHINA DEVELOPMENT BANK (REG) SER 2205 3% 17/01/2032	2,000,000	2,036,694	12.38
CHINA DEVELOPMENT BANK (SER 2015) (REG) 3.7% 20/10/2030	1,500,000	1,594,017	9.69
CHINA DEVELOPMENT BANK (SER 2105) (REG) 3.66% 01/03/2031	3,000,000	3,184,080	19.35
<b>Total investment portfolio (cost: RMB15,134,661)</b>		<u>15,738,258</u>	<u>95.66</u>
Other net assets		713,853	4.34
Total net assets		<u><u>16,452,111</u></u>	<u><u>100.00</u></u>

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MOVEMENTS IN INVESTMENT PORTFOLIO

Year ended 31 December 2023

	At 1 January 2023	Movement in holdings		At 31 December 2023
		Additions	Disposals	
<b>LISTED BONDS</b>				
<b>China</b>				
CHINA (GOVT OF) (SER INBK) (REG) 2.69% 12/08/2026	600,000	-	-	600,000
CHINA (GOVT OF) (SER INBK) (REG) 2.85% 04/06/2027	2,000,000	-	-	2,000,000
CHINA (GOVT OF) (SER INBK) (REG) 3.02% 27/05/2031	3,000,000	-	-	3,000,000
CHINA DEVELOPMENT BANK (REG) SER 1810 4.04% 06/07/2028	3,000,000	-	-	3,000,000
CHINA DEVELOPMENT BANK (REG) SER 2205 3% 17/01/2032	2,000,000	-	-	2,000,000
CHINA DEVELOPMENT BANK (SER 2015) (REG) 3.7% 20/10/2030	1,500,000	-	-	1,500,000
CHINA DEVELOPMENT BANK (SER 2105) (REG) 3.66% 01/03/2031	3,000,000	-	-	3,000,000

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PERFORMANCE RECORD

Year ended 31 December 2023

**1) Net Asset Value**

	Net asset value per unit RMB	Total net asset value RMB
As at:		
31 December 2023	109.6807	16,452,111
31 December 2022	107.7345	16,160,179
31 December 2021	106.4894	15,973,405

**2) Highest issue and lowest redemption prices per unit**

	Highest issue unit price RMB	Lowest redemption unit price RMB
During the year ended 31 December 2023	109.69	107.24
During the year ended 31 December 2022	109.04	106.97
During the year ended 31 December 2021	107.70	103.64
During the year ended 31 December 2020	108.96	103.17
During the year ended 31 December 2019	104.71	102.22
During the period from 6 June (date of inception) December 2018	103.58	99.57

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PERFORMANCE RECORD (continued)

**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 year/period:

	The Index	RMB counter of the Sub-Fund	HKD counter of the Sub-Fund	USD counter of the Sub-Fund
During the year ended 31 December 2023	4.71%	4.09%	2.49%	2.29%
During the year ended 31 December 2022	3.34%	3.36%	-5.61%	-5.61%
During the year/period ended 31 December 2021	5.72%	4.42%	6.97%	4.22% <sup>2</sup>
During the year ended 31 December 2020	3.03%	0.43%	7.18%	-
During the year ended 31 December 2019	4.63%	0.97%	-1.02%	-
During the period from 6 June 2018 (date of inception) to 31 December 2018	5.42%	2.85%	-3.97%	-

<sup>1</sup> Past performance figures shown are not indicative of the future performance of the Sub-Fund.

<sup>2</sup> For the period from 30 June 2021 to 31 December 2021.



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