

ChinaAMC Global ETF Series

**ChinaAMC HSI ESG ETF**

Unaudited Semi-Annual Report

For the period from  
10 November 2022 (date of inception) to 30 June 2023



**华夏基金**  
**ChinaAMC**

UNAUDITED SEMI-ANNUAL REPORT

ChinaAMC HSI ESG ETF  
(Stock Code: 3403 (HKD Counter), 83403 (RMB Counter)  
and 9403 (USD Counter))  
(a Sub-Fund of ChinaAMC Global ETF Series)

For the period from 10 November 2022 (date of inception)  
to 30 June 2023

ChinaAMC HSI ESG 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-hsi-esg-etf-3403-hk-83403-hk-9403-hk/>)

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

ChinaAMC HSI ESG 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

##### **Directors of the Manager**

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

##### **Trustee & Registrar**

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

##### **Conversion Agent**

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

##### **Listing Agent**

Altus Capital Limited  
21 Wing Wo Street  
Central, Hong Kong

##### **Legal Adviser to the Manager**

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

ChinaAMC HSI ESG 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

Barclays Bank PLC  
41/F Cheung Kong Center  
2 Queen's Road Central  
Central, Hong Kong

BNP Paribas  
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

CITIC Securities Brokerage (HK) Limited  
26/F CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

Citigroup Global Markets Asia Limited  
50/F, Champion Tower  
3 Garden Road  
Central, Hong Kong

CLSA Limited  
18/F, One Pacific Place  
88 Queensway  
Hong Kong

DBS Vickers (Hong Kong) Limited  
16/F One Island East  
18 Westlands Road  
Quarry Bay, Hong Kong

Goldman Sachs (Asia) Securities Limited  
68/F, Cheung Kong Center  
2 Queen's Road  
Central, Hong Kong

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

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

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

Morgan Stanley Hong Kong Securities Limited  
30-32, 35-42 & 45-47 Floor Part of Floor 3, 8-9  
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

UBS Securities Hong Kong Limited  
47-52/F, Two International Finance Centre  
8 Finance Street  
Central, Hong Kong

Valuable Capital Limited  
Room 2808, 28/F  
China Merchants Tower  
Shun Tak Centre  
168-200 Connaught 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  
Central, Hong Kong

REPORT OF THE MANAGER TO THE UNITHOLDERS

**Introduction**

The ChinaAMC HSI ESG 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 and 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 HKD counter (stock code: 3403), RMB counter (stock code: 83403) and USD counter (stock code: 9403) commenced trading on the SEHK on 10 November 2022. The Sub-Fund is an index-tracking fund that seeks to track the performance of the HSI ESG Enhanced Index (the “Index”).

The Manager will primarily use a full replication strategy through investing directly in securities included in the Index in substantially the same weightings in which they are included in the Index.

The Manager may also use a representative sampling strategy where it is not possible to acquire certain securities which are constituents of the Index due to restrictions or limited availability where the Manager considers appropriate in its absolute discretion. This means that the Sub-Fund will invest directly in a representative sample of securities that collectively has an investment profile that aims to reflect the profile of the Index. The securities constituting the representative sample may or may not themselves be constituents of the Index, provided that the sample closely reflects the overall characteristics of the Index. In pursuing a representative sampling strategy, the Manager may cause the Sub-Fund to deviate from the Index weighting on the condition that the maximum deviation from the Index weighting of any constituent will not exceed 4% or such other percentage as determined by the Manager after consultation with the SFC.

**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 is a free float adjusted market capitalisation weighted index. It aims to measure the overall performance of the Hong Kong stock market combined with environmental, social and governance (“ESG”) initiatives from international lens based on internationally recognised ESG principles, data, research and ratings. The Index intends to achieve at least 20% improvement in ESG Risk Rating over the Hang Seng Index.

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

	1-Month	3-Month	Since Launch <sup>2</sup>
The Index	4.54%	-8.24%	19.13%
HKD Counter of the Sub-Fund (NAV-to-NAV)	4.45%	-8.26%	18.96%
HKD Counter of the Sub-Fund (Market-to-Market)	4.80%	-7.88%	19.50%
RMB Counter of the Sub-Fund (NAV-to-NAV)	6.67%	-2.82%	19.34%
RMB Counter of the Sub-Fund (Market-to-Market)	6.55%	-2.57%	19.06%
USD Counter of the Sub-Fund (NAV-to-NAV)	4.41%	-8.10%	19.17%
USD Counter of the Sub-Fund (Market-to-Market)	4.52%	-7.88%	18.88%

<sup>1</sup> Source: Bloomberg, as of 30 June 2023. Performances of the benchmark Index and HKD Counter of the Sub-Fund are calculated in HKD while performances of RMB Counter and USD Counter of the Sub-Fund are calculated in RMB and USD. Past performance figures shown are not indicative of the future performance of the Sub-Fund.

<sup>2</sup> Calculated since 10 November 2022.

ChinaAMC HSI ESG 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 15,273 units from 01 January 2023 to 30 June 2023. As of 30 June 2023, there were 18,050,000 units outstanding.

China Asset Management (Hong Kong) Limited  
15 August 2023

ChinaAMC HSI ESG ETF  
(a Sub-Fund of ChinaAMC Global ETF Series)

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2023

	30 June 2023 (Unaudited) HKD
<b>ASSETS</b>	
Financial assets at fair value through profit or loss	795,406,363
Prepayments and other receivables	38
Dividend receivables	4,171,064
Cash and cash equivalents	1,027,775
<b>TOTAL ASSETS</b>	<u><u>800,605,240</u></u>
<b>LIABILITIES</b>	
Management fee payable	43,344
Trustee and registrar fees payable	33,655
Other payables and accruals	5,172
<b>TOTAL LIABILITIES</b>	<u><u>82,171</u></u>
<b>EQUITY</b>	
Net asset value attributable to unitholders	<u><u>800,523,069</u></u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><u>800,605,240</u></u>
Number of units in issue	<u><u>18,050,000</u></u>
Net asset value per unit	<u><u>44.3503</u></u>



ChinaAMC HSI ESG ETF  
(a Sub-Fund of ChinaAMC Global ETF Series)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the period from 10 November 2022 (date of inception) to 30 June 2023

	Period from 10 November 2022 (date of inception) to 30 June 2023 (Unaudited) HKD
<b>INCOME</b>	
Dividend income	16,000,294
Interest income	15,078
Other income	166,220
	<hr/>
	16,181,592
<b>EXPENSES</b>	
Management fee <sup>2</sup>	( 823,469)
Transaction fees <sup>1</sup>	( 473,213)
Safe custody and bank charges <sup>1</sup>	( 37,594)
Other operating expenses	( 32,615)
	<hr/>
	( 1,366,891)
<b>PROFIT BEFORE INVESTMENT GAINS AND EXCHANGE DIFFERENCES</b>	 14,814,701
<b>INVESTMENT GAINS AND EXCHANGE DIFFERENCES</b>	
Net realised gains on financial assets at fair value through profit or loss	17,257,488
Net change in unrealised gains on financial assets at fair value through profit or loss	87,793,736
Foreign exchange losses	( 7,188)
	<hr/>
	105,044,036
<b>PROFIT BEFORE TAX</b>	 119,858,737
Withholding tax expense	( 279,568)
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<b>TOTAL PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	 119,579,169
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ChinaAMC HSI ESG ETF  
(a Sub-Fund of ChinaAMC Global ETF Series)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)  
(Continued)

For the period from 10 November 2022 (date of inception) to 30 June 2023

<sup>1</sup> During the period ended 30 June 2023, safe custody and bank charges incurred were paid to the Trustee or its connected person. Other respective amounts paid to the Trustee or its connected person were as follows:

	Period from 10 November 2022 (date of inception) to 30 June 2023 (Unaudited) HKD
Transaction fees	26,075

<sup>2</sup> During the period ended 30 June 2023, other than management fees that paid to the Manager, no other amounts paid to the Manager or its connected persons.

ChinaAMC HSI ESG ETF  
(a Sub-Fund of ChinaAMC Global ETF Series)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
(UNAUDITED)

For the period from 10 November 2022 (date of inception) to 30 June 2023

	Units	Period from 10 November 2022 (date of inception) to 30 June 2023 (Unaudited) HKD
At 10 November 2022 (date of inception)	-	-
Issue of units during the period	18,050,000	689,427,400
Distribution to unitholders	-	( 8,483,500)
Total profit or loss and other comprehensive income for the period	-	119,579,169
At 30 June 2023	<u>18,050,000</u>	<u>800,523,069</u>

ChinaAMC HSI ESG ETF  
(a Sub-Fund of ChinaAMC Global ETF Series)

STATEMENT OF CASH FLOWS (UNAUDITED)

For the period from 10 November 2022 (date of inception) to 30 June 2023

	Period from 10 November 2022 (date of inception) to 30 June 2023 (Unaudited) HKD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before tax	119,858,737
Adjustments for:	
Dividend income	( 16,000,294)
Interest income	( 15,078)
	<u>103,843,365</u>
Increase in financial assets at fair value through profit or loss	( 207,151,003)
Increase in prepayment and other receivables	( 38)
Increase in management fee payable	43,344
Increase in trustee and registrar fees payable	33,655
Increase in other payables and accruals	5,172
	<u>( 103,225,505)</u>
Cash used in operations	( 103,225,505)
Dividend received	11,829,230
Interest received	15,078
Tax paid	( 279,568)
	<u>( 91,660,765)</u>
Net cash flows used in operating activities	( 91,660,765)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from issue of units*	101,172,040
Distribution paid to unitholders*	( 8,483,500)
	<u>92,688,540</u>
Net cash flows from financing activities	92,688,540
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,027,775</b>
Cash and cash equivalents at the beginning of the period	-
	<u>1,027,775</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>1,027,775</b>
	<u><u>1,027,775</u></u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>	
Cash at bank	1,027,775
	<u><u>1,027,775</u></u>

\* During the period ended 30 June 2023, there were non-cash transactions of HKD588,255,360 on proceeds from issue of units and there were no non-cash transactions on payments on redemption of units.

ChinaAMC HSI ESG ETF  
(a Sub-Fund of ChinaAMC Global ETF Series)

STATEMENT OF DISTRIBUTION (UNAUDITED)

For the period from 10 November 2022 (date of inception) to 30 June 2023

	Period from 10 November 2022 (date of inception) to 30 June 2023 (Unaudited) HKD
Undistributed income at the beginning of the period	-
Total comprehensive income	119,579,169
Less: Net gains on financial assets at fair value through profit or loss	(87,793,736)
	<hr/>
Undistributed income before distribution	31,785,433
Interim distribution declared	
- on 2 December 2022 (HKD0.05 per unit)	(902,500)
- on 7 March 2023 (HKD0.12 per unit)	(2,166,000)
- on 5 June 2023 (HKD0.30 per unit)	(5,415,000)
Transfer to capital	(23,301,933)
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Undistributed income at the end of the period	-
	<hr/> <hr/>

## NOTES TO FINANCIAL STATEMENTS

### 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 of Hong Kong.

These financial statements relate to the sixth sub-fund of the Trust, ChinaAMC HSI ESG ETF (the "Sub-Fund"). The date of inception of the Sub-Fund was 10 November 2022. The Sub-Fund commenced trading under stock code 3403 (HKD Counter), 83403 (RMB Counter) and 9403 (USD Counter) on the Stock Exchange of Hong Kong Limited (the "SEHK") on 10 November 2022.

The investment objective of the Sub-Fund is to provide investment results that closely correspond to the performance of the HSI ESG Enhanced Index (the "Index"). The Sub-Fund is a physical exchange traded fund investing directly in the underlying Shares of the Index.

### 2.1 BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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 have been prepared under the historical cost basis, except for financial assets classified at fair value through profit or loss ("FVPL") that have been measured at fair value. The financial statements are presented in Hong Kong Dollars ("HKD") and all values are rounded to the nearest HKD except where otherwise indicated.

### 2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

There are no standards and interpretations that are issued but not yet effect up to date of issuance of the Sub-Fund's financial statements which, in the opinion of the Manager, will clearly impact the Sub-Fund.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial instruments

##### (i) Classification

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Financial instruments (continued)

##### (i) Classification (continued)

###### *Financial assets*

The Sub-Fund classifies its financial assets as subsequently measured at amortised cost or measured at FVPL on the basis of both:

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

##### (a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Sub-Fund includes in this category short-term non-financing receivables including dividend receivables, other receivables and cash and cash equivalents.

##### (b) Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding, or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category instruments held for trading. This category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

#### *Financial liabilities*

##### (a) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include all financial liabilities. The Sub-Fund includes in this category management fee payable, trustee and registrar fees payable and other payables and accruals.

##### (ii) Recognition

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.

##### (iii) Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and financial liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net change in unrealised gains or losses on financial assets at FVPL. Interest and dividend earned on these instruments are recorded separately in interest income and dividend income.

Financial assets, other than those classified as at FVPL, are measured at amortised cost using the effective interest method ("EIR") less any allowance for impairment. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses ("ECLs"). The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Sub-Fund has transferred substantially all the risks and rewards of the asset, or neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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



## NOTES TO FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Impairment of financial assets

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

The Sub-Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Sub-Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

#### Fair value measurement

The Sub-Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either

- In the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Sub-Fund.

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

The Sub-Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

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

## NOTES TO FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

#### Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as cash and cash equivalents.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where applicable.

#### 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.

## NOTES TO FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Redeemable units (continued)

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 the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

#### Revenue recognition

- (a) **Dividend income**  
Dividend income is recognised on the date when the Sub-Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding income taxes, which are disclosed separately in profit or loss.
- (b) **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.
- (c) **Other income**  
Other income is recognised on the date when the Sub-Fund's right to receive the payment is established and disclosed separately in profit or loss.

#### Net change in unrealised gains or losses on financial assets at FVPL

This item includes changes in the fair value of financial assets at FVPL and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

## NOTES TO FINANCIAL STATEMENTS

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Net realised gains or losses on financial assets at FVPL

Realised gains and losses 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.

#### Foreign currency translations

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

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.

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.

#### Functional and presentation currency

The Sub-Fund's functional currency is HKD, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in HKD. Moreover, the net asset value per unit at the time of issue or redemption is determined and units quoted on the Hong Kong Stock Exchange are denominated in HKD.

Therefore, the HKD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's presentation currency is also HKD.

#### Distributions to unitholders

Distributions are intended to be at least annually having regard to the Sub-Fund's net income after fees and costs. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager. No distribution will be paid out of the Sub-Fund's capital.

#### Taxes

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

#### Transactions 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 costs are expensed as incurred in the statement of comprehensive income.

NOTES TO FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Formation costs

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

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.

ChinaAMC HSI ESG ETF  
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INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2023

	Holdings	Fair value HKD	% of Net Assets
<b>Listed equities</b>			
<b><u>Hong Kong</u></b>			
<b>Communications</b>			
Alibaba Group Holding Ltd	332,300	26,982,760	3.37
Baidu Inc	67,080	8,908,224	1.11
China Mobile Ltd	231,661	14,837,887	1.85
China Unicom (Hong Kong)	99,209	513,903	0.07
JD.Com Inc	57,392	7,598,701	0.95
Meituan	321,479	39,316,882	4.91
Tencent Holdings Ltd	197,624	65,532,118	8.19
Trip Com Group Ltd	5,050	1,376,630	0.17
Xiaomi Corp	1,357,282	14,550,063	1.82
<b>Consumer Cyclical</b>			
Alibaba Health Information Technology Ltd	457,848	2,156,464	0.27
Anta Sports Products Ltd	219,684	17,585,704	2.20
BYD Co Ltd	41,625	10,406,250	1.30
Chow Tai Fook	353,323	4,974,788	0.62
Galaxy Entertainment Group Ltd	54,955	2,731,264	0.34
Geely Automobile Holdings Ltd	916,954	8,766,080	1.09
Haidilao International Holding Ltd	34,851	600,831	0.08
Haier Smart Home Co Ltd	47,200	1,163,480	0.15
JD Health International Inc	75,000	3,708,750	0.46
Li Ning Co Ltd	393,706	16,594,708	2.07
Sands China Ltd	373,835	9,981,394	1.25
Shenzhen International Group	147,935	11,058,141	1.38
Zhongsheng Group Holdings Ltd	168,649	5,051,038	0.63
<b>Consumer Non-cyclical</b>			
Budweiser Brewing Co Apac Ltd	286,001	5,777,220	0.72
China Mengniu Dairy Co Ltd	58,125	1,714,688	0.21
China Resources Beer Holdings Co Ltd	28,129	1,451,456	0.18
CK Hutchison Holdings Ltd	74,287	3,554,633	0.45
CSPC Pharmaceutical Group Ltd	120,126	818,058	0.10
Hansoh Pharmaceutical Group Co Ltd	18,577	234,070	0.03
Hengan International Group Co Ltd	13,440	443,520	0.06
Nongfu Spring Co Ltd	66,337	2,869,075	0.36
Tingyi (Cayman Islands) Holdings Corp	28,000	341,040	0.04
WH Group Ltd	96,000	398,400	0.05
Wuxi Biologics Cayman Inc	791,371	29,715,981	3.71
<b>Energy</b>			
Xinyi Solar Holdings Ltd	287,058	2,597,875	0.32
<b>Financial</b>			
AIA Group Ltd	816,714	64,602,077	8.07
Bank of China Ltd	1,071,776	3,365,377	0.42
BOC Hong Kong Holdings Ltd	193,872	4,643,234	0.58
China Construction Bank Corp	2,170,372	11,003,786	1.37

ChinaAMC HSI ESG ETF  
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INVESTMENT PORTFOLIO (UNAUDITED) (continued)

As at 30 June 2023

	Holdings	Fair value HKD	% of Net Assets
<b>Listed equities</b> (continued)			
<b>Hong Kong</b> (continued)			
<b>Financial</b> (continued)			
China Life Insurance Co Ltd	247,048	3,226,447	0.40
China Merchants Bank Co Ltd	74,285	2,644,546	0.33
China Overseas Land & Investment Ltd	702,822	12,004,200	1.50
China Resources Land Ltd	340,465	11,303,438	1.41
China Resources Mixc Lifestyle Services Limited	186,800	7,266,520	0.91
CK Asset Holdings Ltd	313,271	13,595,961	1.70
Country Garden Holdings Company Ltd	964,942	1,534,258	0.19
Country Garden Services Holdings Co Ltd	627,621	6,351,525	0.79
Hang Lung Properties Ltd	355,009	4,295,609	0.54
Hang Seng Bank Ltd	91,021	10,148,842	1.27
Henderson Land Development	182,023	4,241,136	0.53
Hong Kong Exchanges And Clearing Ltd	195,931	57,838,831	7.23
HSBC Holdings Plc	1,061,528	64,753,208	8.09
Industrial And Commercial Bank of China	1,136,874	4,752,133	0.59
Link REIT	738,783	32,137,060	4.02
Longfor Group Holdings Ltd	381,054	7,255,268	0.91
New World Development Ltd	261,153	5,035,030	0.63
Ping An Insurance (Group) Co of China Ltd	913,779	45,551,883	5.69
Sun Hung Kai Properties Ltd	262,764	25,934,807	3.24
Wharf Real Estate Investment Co Ltd	242,086	9,477,667	1.18
<b>Industrial</b>			
MTR Corp Ltd	181,834	6,546,024	0.82
Orient Overseas International Ltd	8,886	933,919	0.12
Sunny Optical Technology Group Co Ltd	36,774	2,873,888	0.36
Techtronic Industries Co Ltd	90,632	7,717,315	0.96
Xinyi Glass Holdings Co Ltd	53,598	653,895	0.08
<b>Technology</b>			
Lenovo Group Ltd	1,546,142	12,631,980	1.58
Netease Inc	106,208	16,207,341	2.02
Semiconductor Manufacturing International Corp	63,725	1,299,990	0.16
<b>Utilities</b>			
ENN Energy Holdings Ltd	21,596	2,107,770	0.26
Hong Kong & China Gas	1,057,507	7,159,322	0.90
Total investments, at fair value		795,406,363	99.36
Total investments, at cost		707,870,689	

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MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)

For the period from 10 November 2022 (date of inception) to 30 June 2023

	<b>Holdings as at 10 November 2022 (date of inception)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Corporate Actions</b>	<b>Holdings as at 30 June 2023</b>
<b>Listed equities</b>					
<b><u>Hong Kong</u></b>					
AIA Group Ltd	-	904,714	(88,000)	-	816,714
Alibaba Group Holding Ltd	-	339,400	(7,100)	-	332,300
Alibaba Health Information Technology Ltd	-	541,848	(84,000)	-	457,848
Anta Sports Products Ltd	-	234,284	(14,600)	-	219,684
Baidu Inc	-	75,730	(8,650)	-	67,080
Bank of China Ltd	-	1,117,776	(46,000)	-	1,071,776
BOC Hong Kong Holdings Ltd	-	239,872	(46,000)	-	193,872
Budweiser Brewing Co Apac Ltd	-	341,101	(55,100)	-	286,001
BYD Co Ltd	-	45,625	(4,000)	-	41,625
China Construction Bank Corp	-	2,274,372	(104,000)	-	2,170,372
China Life Insurance Co Ltd	-	262,048	(15,000)	-	247,048
China Mengniu Dairy Co Ltd	-	60,125	(2,000)	-	58,125
China Merchants Bank Co Ltd	-	79,785	(5,500)	-	74,285
China Mobile Ltd	-	290,161	(58,500)	-	231,661
China Overseas Land & Investment Ltd	-	761,822	(59,000)	-	702,822
China Resources Beer Holdings Co Ltd	-	32,129	(4,000)	-	28,129
China Resources Land Ltd	-	386,465	(46,000)	-	340,465
China Resources Mixc Lifestyle Services Limited	-	200,000	(13,200)	-	186,800
China Unicom (Hong Kong)	-	135,209	(36,000)	-	99,209
Chow Tai Fook	-	378,123	(24,800)	-	353,323
CK Asset Holdings Ltd	-	325,271	(12,000)	-	313,271
CK Hutchison Holdings Ltd	-	82,287	(8,000)	-	74,287
Country Garden Holdings Company Ltd	-	1,047,942	(83,000)	-	964,942
Country Garden Services Holdings Co Ltd	-	665,621	(38,000)	-	627,621
CSPC Pharmaceutical Group Ltd	-	132,126	(12,000)	-	120,126
ENN Energy Holdings Ltd	-	24,096	(2,500)	-	21,596
Galaxy Entertainment Group Ltd	-	56,955	(2,000)	-	54,955
Geely Automobile Holdings Ltd	-	965,954	(49,000)	-	916,954
Haidilao International Holding Ltd	-	73,702	(38,851)	-	34,851
Haier Smart Home Co Ltd	-	51,400	(4,200)	-	47,200
Hang Lung Properties Ltd	-	423,009	(68,000)	-	355,009
Hang Seng Bank Ltd	-	94,821	(3,800)	-	91,021
Hansoh Pharmaceutical Group Co Ltd	-	20,577	(2,000)	-	18,577
Henderson Land Development	-	197,023	(15,000)	-	182,023



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MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (continued)

For the period from 10 November 2022 (date of inception) to 30 June 2023

	<b>Holdings as at 10 November 2022 (date of inception)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Corporate Actions</b>	<b>Holdings as at 30 June 2023</b>
<b>Listed equities (continued)</b>					
<b><u>Hong Kong</u> (continued)</b>					
Hengan International Group Co Ltd	-	14,440	(1,000)	-	13,440
Hong Kong & China Gas	-	1,197,507	(140,000)	-	1,057,507
Hong Kong Exchanges And Clearing Ltd	-	207,031	(11,100)	-	195,931
HSBC Holdings Plc	-	1,394,728	(333,200)	-	1,061,528
Industrial And Commercial Bank of China	-	1,172,874	(36,000)	-	1,136,874
JD Health International Inc	-	75,000	-	-	75,000
JD.Com Inc	-	57,742	(350)	-	57,392
Lenovo Group Ltd	-	1,582,142	(36,000)	-	1,546,142
LI Ning Co Ltd	-	415,706	(22,000)	-	393,706
Link REIT	-	772,783	(34,000)	-	738,783
Link REIT Nil Paid Rts 21/03/2023	-	-	(127,897)	127,897	-
Longfor Group Holdings Ltd	-	388,554	(7,500)	-	381,054
Meituan	-	354,779	(33,300)	-	321,479
MTR Corp Ltd	-	196,334	(14,500)	-	181,834
Netease Inc	-	161,608	(55,400)	-	106,208
New World Development Ltd	-	319,153	(58,000)	-	261,153
Nongfu Spring Co Ltd	-	78,737	(12,400)	-	66,337
Orient Overseas International Ltd	-	9,886	(1,000)	-	8,886
Ping An Insurance (Group) Co of China Ltd	-	992,779	(79,000)	-	913,779
Sands China Ltd	-	447,435	(73,600)	-	373,835
Semiconductor Manufacturing International Corp	-	81,725	(18,000)	-	63,725
Shenzhen International Group	-	160,335	(12,400)	-	147,935
Sun Hung Kai Properties Ltd	-	275,264	(12,500)	-	262,764
Sunny Optical Technology Group Co Ltd	-	48,474	(11,700)	-	36,774
Super Hi International Holding Ltd	-	3,685	(3,685)	-	-
Techtronic Industries Co Ltd	-	116,132	(25,500)	-	90,632
Tencent Holdings Ltd	-	438,848	(241,224)	-	197,624
Tingyi (Cayman Islands) Holdings Corp	-	28,000	-	-	28,000
Trip Com Group Ltd	-	5,050	-	-	5,050
WH Group Ltd	-	186,611	(90,611)	-	96,000
Wharf Real Estate Investment Co Ltd	-	263,086	(21,000)	-	242,086
Wuxi Biologics Cayman Inc	-	808,371	(17,000)	-	791,371

ChinaAMC HSI ESG ETF  
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MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED) (continued)

For the period from 10 November 2022 (date of inception) to 30 June 2023

	<b>Holdings as at 10 November 2022 (date of inception)</b>	<b>Additions</b>	<b>Disposals</b>	<b>Corporate Actions</b>	<b>Holdings as at 30 June 2023</b>
<b>Listed equities (continued)</b>					
<b><u>Hong Kong</u> (continued)</b>					
Xiaomi Corp	-	1,617,482	(260,200)	-	1,357,282
Xinyi Glass Holdings Co Ltd	-	57,598	(4,000)	-	53,598
Xinyi Solar Holdings Ltd	-	363,058	(76,000)	-	287,058
Zhongsheng Group Holdings Ltd	-	181,149	(12,500)	-	168,649

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PERFORMANCE RECORD (UNAUDITED)

For the period from 10 November 2022 (date of inception) to 30 June 2023

**1. Net Asset Value**

	Net asset value per unit HKD	Total net asset value HKD
As at: 30 June 2023 (Unaudited)	44.3503	800,523,069

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

	Highest issue unit price HKD	Lowest redemption unit price HKD
During the period ended: Period from 10 November 2022 (date of inception) to 30 June 2023 (Unaudited)	55.1046	37.6612

**3. Comparison of the scheme performance and the actual index performance <sup>1</sup>**

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	RMB counter of the Sub- Fund	USD counter of the Sub- Fund
During the period ended: Period from 10 November 2022 (date of inception) to 30 June 2023 (Unaudited)	19.13%	19.50%	19.06%	18.88%

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

INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)

As at 30 June 2023

According to Chapter 7.1 of the investment limitations and prohibitions of a collective investment scheme, the value of the Sub-Fund's holding of securities issued by any single issuer may not exceed 10% of its total net asset value.

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

The SFC Code further provides that, if the investment limits stated above are breached, the management company should take as a priority objective all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the holders.

The Trust Deed of the Trust also contains provisions mirroring the above provisions of the SFC Code.

The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the period.

There were no constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund and their respective weightings of the Index as at 30 June 2023.



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