

ChinaAMC Global ETF Series
**ChinaAMC Hang Seng Stock Connect
Hong Kong SmallCap Index ETF**

Annual Report

For the year ended 31 December 2019



华夏基金
ChinaAMC

ANNUAL REPORT

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap
Index ETF
(Stock Code: 03157)
(a sub-fund of ChinaAMC Global ETF Series)

For the year ended 31 December 2019

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap 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: <http://www.chinaamc.com.hk/en/products/etf/hang-seng-stock-connect-hong-kong-smallcap/documents.html>.

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

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap 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

Directors of the Manager

Yang Minghui
Zhang Xiaoling
Gan Tian
Li Yimei
Li Fung Ming (name changed from Li Min on
5 December 2019)

Trustee and Registrar

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

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, 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 Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

MANAGEMENT AND ADMINISTRATION (continued)

Participating Dealers

China International Capital Corporation Hong Kong
Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

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

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

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

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

UBS Securities Hong Kong Limited
42/F, One Exchange Square
Central, Hong Kong

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

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF (formerly known as ChinaAMC Hang Seng SmallCap Index ETF) (the “Sub-Fund”), a sub-fund of ChinaAMC Global ETF Series (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 17 September 2015, as amended or supplemented from time to time (the “Trust Deed”), between China Asset Management (Hong Kong) Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Sub-Fund is a physical exchange traded fund investing directly in underlying shares.

Its HKD counter (stock code: 03157) commenced trading on the Stock Exchange of Hong Kong Limited (the “SEHK”) on 26 October 2015. The Sub-Fund is an index-tracking fund that seeks to track the performance of its underlying index. Its underlying index was the Hang Seng Composite SmallCap Index, which was changed to Hang Seng Stock Connect Hong Kong SmallCap Index effective from 3 March 2017 (the “Index”).

The Manager primarily uses 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. 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.

Performance of the Sub-Fund

The investment objective of the Sub-Fund 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.

A summary of the performance of the Sub-Fund is shown below (Total Returns in respective currency¹²):

	1-Month	3-Month	Since Launch ³
The Index	6.48%	7.57%	0.35%
HKD Counter of the Sub-Fund (NAV-to-NAV)	5.46%	5.71%	-11.29%
HKD Counter of the Sub-Fund (Market-to-Market)	2.67%	0.95%	-15.74%

Activities of the Sub-Fund

According to Bloomberg, the average daily trading volume of the Sub-Fund was approximately 417.53 units from 1 January 2019 to 31 December 2019. As of 31 December 2019, there were 2,000,000 units outstanding.

Activities of the Index

There were 4 rebalances for the Index from 1 January 2019 to 31 December 2019. As of 31 December 2019, the Sub-Fund comprised of 112 constituent stocks in the Index.

China Asset Management (Hong Kong) Limited
9 April 2020

¹ Source: Bloomberg, as of 31 December 2019. Performances of Hang Seng Stock Connect Hong Kong SmallCap Index and the Sub-Fund are calculated in HKD.

² Past performance figures shown are not indicative of the future performance of the Sub-Fund.

³ The performance of the Sub-Fund prior to 3 March 2017 were achieved under circumstances that no longer apply. The underlying index was changed from the Hang Seng Composite SmallCap Index to the Hang Seng Stock Connect Hong Kong SmallCap Index on 3 March 2017.

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap 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 Hang Seng Stock Connect Hong Kong SmallCap 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 2019.

.....
HSBC Institutional Trust Services (Asia) Limited
9 April 2020

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 Hang Seng Stock Connect Hong Kong SmallCap 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, as amended or supplemented from time to time (the "Trust Deed") 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 2019, the Trust has established two 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 Hang Seng Stock Connect Hong Kong SmallCap 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 Hang Seng Stock Connect Hong Kong SmallCap Index ETF (a sub-fund of ChinaAMC Global ETF Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 10 to 39 which comprise the statement of financial position as at 31 December 2019, and the statement of 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 a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Sub-Fund as at 31 December 2019, and of its financial transactions and its 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.

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 Hang Seng Stock Connect Hong Kong SmallCap 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
Existence and valuation of financial assets at fair value through profit or loss	
<p>As at 31 December 2019, financial assets at fair value through profit or loss amounted to HKD43,876,779 which represented 99.06% of the net asset value of the Sub-Fund. These financial assets were listed shares on the Hong Kong Stock Exchange and there were 112 constituent listed shares in the Sub-Fund. They were kept by one custodian and measured at fair value. We focused on this area because the financial assets at fair value through profit or loss represented the principal element of the financial statements and significant assumptions and judgements were involved in measuring the fair value of the suspended shares.</p> <p>Refer to disclosures on fair values of financial instruments in notes 10 to 11 to the financial statements.</p>	<p>We obtained independent confirmation from the custodian of the investment portfolio held at 31 December 2019, and agreed the quantities held to the Sub-Fund's accounting records. We evaluated the design and tested the operating effectiveness of financial instrument valuation controls. In addition, we 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 vendor sources at 31 December 2019.</p> <p>For suspended shares in which quoted prices cannot be obtained, we evaluated the valuation techniques and inputs applied through comparison with the valuation techniques that are commonly used in the market and the validation of observable inputs to external market data. In addition, we evaluated the appropriateness of the assumptions made by the Manager.</p> <p>We assessed the adequacy of disclosures relating to the fair value of financial instruments, as set out in notes 10 to 11 to the financial statements, against the requirements of IFRS.</p>

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 Hang Seng Stock Connect Hong Kong SmallCap 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 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, as amended or supplemented from time to time (the "Trust Deed") and the relevant disclosure provisions of Appendix E of 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Hang Seng Stock Connect Hong Kong SmallCap 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 and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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
9 April 2020

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HKD	2018 HKD
ASSETS			
Financial assets at fair value through profit or loss	10	43,876,779	43,863,124
Dividend receivables		61,704	29,945
Prepayment and other receivables		32,422	-
Cash and cash equivalents	6	741,795	332,483
TOTAL ASSETS		<u>44,712,700</u>	<u>44,225,552</u>
LIABILITIES			
Management fee payable	5(a)	18,978	19,118
Trustee and registrar fees payable	5(b)	52,603	57,999
Other payables and accruals		231,491	212,542
Auditor's remuneration payable		117,000	117,000
TOTAL LIABILITIES		<u>420,072</u>	<u>406,659</u>
EQUITY			
Net assets attributable to unitholders	12	<u>44,292,628</u>	<u>43,818,893</u>
TOTAL LIABILITIES AND EQUITY		<u>44,712,700</u>	<u>44,225,552</u>

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

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HKD	2018 HKD
INCOME			
Dividend income		1,642,596	1,334,877
Interest income		323	47
		<u>1,642,919</u>	<u>1,334,924</u>
EXPENSES			
Management fee	5(a)	(227,854)	(272,772)
Trustee and registrar fees	5(b)	(600,002)	(600,242)
Accounting professional fees	5(c)	(75,000)	(75,000)
Auditor's remuneration		(117,000)	(117,000)
Transaction fees	5(f)	(146,794)	(184,555)
Legal fees		(75,040)	-
Safe custody and bank charges	5(d)	(9,885)	(17,921)
Other operating expenses		(311,081)	(311,850)
		<u>(1,562,656)</u>	<u>(1,579,340)</u>
PROFIT/(LOSS) BEFORE INVESTMENT LOSSES OR GAINS AND EXCHANGE DIFFERENCES		80,263	(244,416)
INVESTMENT GAINS/(LOSSES) AND EXCHANGE DIFFERENCES			
Net realised (losses)/gains on financial assets at fair value through profit or loss		(354,388)	6,082,923
Net change in unrealised gains or losses on financial assets at fair value through profit or loss		788,288	(14,501,014)
Foreign exchange gains/(losses)		128	(2)
		<u>434,028</u>	<u>(8,418,093)</u>
PROFIT/(LOSS) BEFORE TAX		514,291	(8,662,509)
Withholding tax expense	8	(40,556)	(39,129)
TOTAL COMPREHENSIVE INCOME		<u><u>473,735</u></u>	<u><u>(8,701,638)</u></u>

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

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2019

	Units	HKD
At 1 January 2018	2,400,000	63,861,391
Redemption of units during the year	(400,000)	(11,340,860)
Total comprehensive income	-	(8,701,638)
At 31 December 2018 and 1 January 2019	<u>2,000,000</u>	<u>43,818,893</u>
Total comprehensive income	-	473,735
At 31 December 2019	<u><u>2,000,000</u></u>	<u><u>44,292,628</u></u>

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

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	2019 HKD	2018 HKD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		514,291	(8,662,509)
Adjustments for:			
Dividend income		(1,642,596)	(1,334,877)
Interest income		(323)	(47)
Operating loss before changes in working capital		(1,128,628)	(9,997,433)
(Increase)/decrease in financial assets at fair value through profit or loss		(13,655)	20,273,092
(Increase)/decrease in prepayments and other receivables		(32,422)	32,269
Decrease in management fee payable		(140)	(7,143)
Decrease in trustee and registrar fees payable		(5,396)	(25,028)
Increase in other payables and accruals		18,949	80,052
Cash (used in)/generated from operations		(1,161,292)	10,355,809
Dividend received		1,610,837	1,354,749
Interest received		323	47
Tax paid		(40,556)	(39,129)
Net cash flows from operating activities		409,312	11,671,476
CASH FLOWS FROM FINANCING ACTIVITY			
Payments on redemption of units		-	(11,340,860)
Net cash flows used in financing activity		-	(11,340,860)
NET INCREASE IN CASH AND CASH EQUIVALENTS		409,312	330,616
Cash and cash equivalents at the beginning of the year		332,483	1,867
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		741,795	332,483
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank	6	741,795	332,483

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

NOTES TO FINANCIAL STATEMENTS

31 December 2019

1. THE TRUST

ChinaAMC Global ETF Series (the "Trust") is an umbrella unit trust governed by its trust deed dated 17 September 2015, as amended or supplemented from time to time (the "Trust Deed") 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 first sub-fund of the Trust, ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF (the "Sub-Fund"). The date of inception of the Sub-Fund was 23 October 2015. The Sub-Fund commenced trading under stock code 03157 on the Stock Exchange of Hong Kong Limited (the "SEHK") on 26 October 2015.

The investment objective of the Sub-Fund is to provide investment results that closely correspond to the performance of the Hang Seng Stock Connect Hong Kong SmallCap Index (the "Index"). The Sub-Fund is a physical exchange traded fund investing directly in the underlying H 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Sub-Fund has adopted the following revised IFRSs for the first time for the current period's financial statements, which are applicable to the Sub-Fund.

IFRIC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IAS 12

The nature and the impact of the revised IFRSs are described below:

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* (the "Interpretation") addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 *Income Taxes*. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

NOTES TO FINANCIAL STATEMENTS

31 December 2019

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments* (continued)

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Sub-Fund determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Sub-Fund applies significant judgement in identifying uncertainties over income tax treatments. The Sub-Fund has assessed that the interpretation does not have a significant impact on the financial statements.

Amendments to IAS 12 *Income Taxes*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Sub-Fund's current practice is in line with these amendments, they had no impact on the financial statements of the Sub-Fund.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting period ended 31 December 2019 in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

Amendments to IAS 1 and IAS 8 *Definition of Material*¹

¹ Effective for annual periods beginning on or after 1 January 2020

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Sub-Fund expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Sub-Fund's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

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).

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Classification (continued)

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 auditor's remuneration payable, 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.

(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.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Subsequent measurement (continued)

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 unit holders.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

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 the statement of comprehensive income.

(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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Fair value of suspended equity investments

The suspended equity investments have been valued based on the Market Approach as detailed in note 11 to the financial statements. In addition, the Manager makes estimates about the liquidity discount. The Sub-Fund classifies the fair value of these investments as Level 3.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

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

The following is a summary of significant related party transactions entered into during the period between the Sub-Fund, the Trustee, the Manager and their connected persons. Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the period between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for those disclosed below.

(a) Management fee

The Manager is entitled to receive a management fee of up to 1% per annum of the net asset value of the Sub-Fund. The management fee is currently at a rate of 0.5% per annum with respect to the net asset value of the Sub-Fund calculated and accrued on each valuation day and is paid monthly in arrears.

The management fee incurred during the year ended 31 December 2019 amounted to HKD227,854 (2018: HKD272,772). As at 31 December 2019, a management fee of HKD18,978 (2018: HKD19,118) was payable to the Manager.

(b) Trustee fee and registrar fees

The Trustee is entitled to receive a trustee fee of up to 1% per annum of the net assets 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 assets value of the Sub-Fund at the rate as follows, subject to a monthly minimum of HKD50,000:

	Trustee fee percentage per annum
For the first HKD1,000 million	0.10%
For the next HKD1,000 million	0.08%
Thereafter	0.06%

The trustee and registrar fees incurred during the year ended 31 December 2019 amounted to HKD600,002 (2018: HKD600,242). As at 31 December 2019, trustee and registrar fees of HKD52,603 (2018: HKD57,999) were payable to the Trustee.

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

The Trustee is also entitled to an inception fee of HKD30,000 for the establishment of the Sub-Fund.

The Trustee, acting as the Registrar, is also entitled to receive a registrar fee of HKD120 per participating dealer per transaction for updating the register record of the Sub-Fund.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

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

(c) Accounting professional fee

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 2019 was HKD75,000 (2018: HKD75,000). As at 31 December 2019, an accounting fee of HKD50,000 (2018: HKD50,000) was payable to the Trustee.

(d) Safe custody and bank charges

The Trustee is entitled to receive custodian fees from the Sub-Fund, at a current rate of 0.02% per annum, calculated monthly and are paid monthly in arrears.

The custodian fees for the year ended 31 December 2019 were HKD9,505 (2018: HKD11,132). As at 31 December 2019, no custodian fee was payable to the Trustee (2018: Nil).

(e) Bank deposit and investments held by the Trustee's affiliates

The investments and bank balance deposited with the Trustee as at 31 December 2019 and 31 December 2018 are summarised below:

As at 31 December 2019	Notes	2019 HKD	2018 HKD
<u>Investments</u>			
HSBC Institutional Trust Services (Asia) Limited	10	43,876,779	43,863,124
<u>Bank balance</u>			
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	6	741,795	332,483

(f) Transaction fees

The transaction fees represented the broker commission and other transaction fees incurred for purchase and sales of unit and charged by the relevant participating dealers. The Trustee is entitled to receive a transaction fee of HKD120 for each rebalancing transaction. For the year ended 31 December 2019, transaction fees of HKD61,760 were incurred towards the Trustee (period ended 31 December 2018: HKD68,320). As at 31 December 2019, transaction fees of HKD11,200 (2018: Nil) were payable to the Trustee.

6. CASH AND CASH EQUIVALENTS

	2019 HKD	2018 HKD
Cash at bank	741,795	332,483

Cash at bank was with HSBC, an affiliate company of the Trustee of the Sub-Fund. The bank account with HSBC is an interest-bearing account. The carrying amount of the cash at bank approximates to its fair value.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

7. 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 year ended 31 December 2019 (2018: Nil). The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

8. INCOME TAX

Hong Kong profits tax

No provision for Hong Kong profits tax has been made for the Sub-Fund. The Sub-Fund is authorised by the SFC as a collective investment scheme pursuant to Section 104 of the SFC to offer to the retail public in Hong Kong. It is exempted from Hong Kong profits tax under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

PRC distribution tax

A 10% PRC withholding tax has been levied on dividends from PRC companies to foreign investors. As such, the RQFII holder will pass on this tax liability to the Sub-Fund in the form of distribution tax and therefore 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.

The distribution tax for the year ended 31 December 2019 was HKD40,556 (2018: HKD39,129).

9. DISTRIBUTIONS

There were no distributions made by the Sub-Fund for the year ended 31 December 2019 (2018: Nil).

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.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HKD	2018 HKD
Financial assets at fair value through profit or loss		
- listed equity securities	<u>43,876,779</u>	<u>43,863,124</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2019

11. 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.

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, considered 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.

Valuation techniques

Level 1

When fair values of listed equity securities at the reporting date are based on quoted market prices or binding dealer price quotations in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Sub-Fund values these investments at last traded prices.

Level 2

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 listed equity securities were either actively traded or suspended, hence, no investments were classified as Level 2 in 2019 and 2018.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques (continued)

Level 3

The valuation of investments suspended from trading is performed on a daily basis by the portfolio manager of the Manager and reviewed by senior management of the Manager and the Trustee. The fair value of those investments which do not resume trading in a short period of time subsequent to the period end for which there was an absence of quoted prices, the fair value was estimated by the Manager using the market approach in which the last traded price before the suspension of trading was used and then adjusted by applying a liquidity discount. Such valuation method is generally accepted in the industry. The model incorporates unobservable inputs which include the qualitative assessment. The Sub-Fund classified the fair value of these investments as Level 3.

The following table shows an analysis of the Sub-Fund's financial assets measured at fair value at 31 December 2019 and 31 December 2018:

	Quoted prices in active markets Level 1 HKD'000	Significant observable inputs Level 2 HKD'000	Significant unobservable inputs Level 3 HKD'000	Total HKD'000
2019				
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	43,846	-	31	43,877
2018				
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	43,328	-	535	43,863

Transfers between Level 1 and Level 2

As at 31 December 2019 and 2018, there was no transfer between Level 1 and Level 2

Transfers between Level 2 and Level 3

As at 31 December 2019 and 2018, there was no transfer between Level 2 and Level 3

Transfers between Level 1 and Level 3

As at 31 December 2019, the Sub-Fund reclassified three listed equity securities from Level 1 to Level 3 following the suspension of trading of the investments. These financial assets are namely CT Environmental Group Limited (stock code: 1363), Camsing International Holding Limited (stock code: 2662) and China Ding Yi Feng Holdings Limited (stock code: 612). Also, the Sub-Fund transferred one listed equity security, namely Coolpad Group Limited (stock code: 2369), out from Level 3 following the resumption of trading of the investment.

As at 31 December 2018, the Sub-Fund reclassified two listed equity securities from Level 1 to Level 3 following the suspension of trading of the investments. These financial assets are namely China Huiyuan Juice Group Limited (stock code: 1886) and SMI Holdings Limited (stock code: 198). As at 31 December 2018, there was no transfer out from Level 3.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Transfers between Level 1 and Level 3 (continued)

The listed equity securities were suspended from trading as at 31 December 2019 and were still suspended from trading during the period between the end of the reporting period as at 31 December 2019 and the date of authorisation of the Sub-Fund's financial statements for the year ended 31 December 2019.

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

The following table shows the total amount of all transfers of financial assets at fair value through profit or loss from Level 1 to Level 3 of the fair value hierarchy:

	Transfer from Level 1 to Level 3	
	2019 HKD	2018 HKD
Financial assets at fair value through profit or loss		
- Listed equity securities	<u>31,100</u>	<u>104,358</u>

Quantitative information of significant unobservable inputs - Level 3

Description	HKD	Valuation technique	Unobservable input
31 December 2019			
- Equity securities	31,100	Market approach	Liquidity discount (-74 % to -100%)
31 December 2018			
- Equity securities	535,474	Market approach	Liquidity discount (-50% to -75%)

NOTES TO FINANCIAL STATEMENTS

31 December 2019

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Quantitative information of significant unobservable inputs - Level 3 (continued)

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2019 and 31 December 2018 are shown below:

As at 31 December 2019

	Input	Change in the liquidity discount	Effect on the fair value of investment HKD	Effect on the net assets attributable to unitholders HKD
Equity securities				
- Equity investment	Liquidity discount	+ 5%	(216,619)	(216,619)
	Liquidity discount	- 5%	216,619	216,619

As at 31 December 2018

Equity securities				
- Equity investment	Liquidity discount	+ 5%	(78,425)	(78,425)
	Liquidity discount	- 5%	78,425	78,425

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 between the beginning and the end of the reporting period.

	Financial assets at fair value through profit or loss Equity securities	
	2019 HKD	2018 HKD
Opening balance	535,474	632,485
Transfer into Level 3	31,100	104,358
Total gains/(losses) in profit or loss	170,996	(201,369)
Sales	(706,470)	-
Closing balance	<u>31,100</u>	<u>535,474</u>
Total gains and losses for the year included in the net change in unrealised gains/(losses) on financial assets at fair value through profit or loss	<u>170,996</u>	<u>(201,369)</u>

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

NOTES TO FINANCIAL STATEMENTS

31 December 2019

12. THE REDEEMABLE UNITS

	2019 Units	2018 Units
Number of units at the beginning of the year	2,000,000	2,400,000
Units redeemed	-	(400,000)
	<u>2,000,000</u>	<u>2,000,000</u>
Number of units at the end of the year	<u>2,000,000</u>	<u>2,000,000</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 assets value only in aggregations 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 assets value. Currently, creation and redemption of units will be effected in securities and/or cash.

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:

	2019 HKD	2018 HKD
Published net assets attributable to unitholders (Note)	44,535,106	44,361,371
Recognition of preliminary expense	(242,478)	(542,478)
	<u>44,292,628</u>	<u>43,818,893</u>
Net assets attributable to unitholders (per IFRSs)	<u>44,292,628</u>	<u>43,818,893</u>

Note:

The published net assets are calculated in accordance with the prospectus where preliminary expenses are capitalised and to be amortised over the first five years of the operation of the Sub-Fund, while the net assets attributable to unitholders per IFRSs, the preliminary expenses had to be deducted as they were incurred in the inception year. The unamortised amount was HKD242,478 (2018: HKD542,478) and the remaining period was 10 months (2018: 22 months) as at 31 December 2019.

	2019 HKD	2018 HKD
Published net assets per unit	22.2676	22.1807
Net assets per unit (per financial statements)	22.1463	21.9094

NOTES TO FINANCIAL STATEMENTS

31 December 2019

13. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

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 assets 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 assets 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 year.

There were no constituent securities that individually accounted for more than 10% of the net assets value of the Sub-Fund and their respective weightings of the Index as at 31 December 2019.

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management

The Sub-Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Sub-Fund's continuing profitability. The Sub-Fund is exposed to market risk (which includes equity price risk, interest rate risk and currency risk), credit risk and liquidity risk arising from the financial instruments it holds.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

The Manager is responsible for identifying and controlling risks. The board of directors of the Manager supervises the Manager and is ultimately responsible for the overall risk management approach within the Sub-Fund.

The Sub-Fund itself is subject to various risks. The main risks associated with the investments, assets and liabilities of the Sub-Fund are set out below:

(a) Market risk

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

(i) Equity price risk

The Sub-Fund invested substantially all of its assets in shares of those companies comprising the Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the Index.

When there are changes in the constituent shares comprised in the Index and/or their respective weightings within the Index, the Manager will rebalance the composition of the relevant investment holdings or the underlying dynamic basket of shares of selected constituent companies of the Index.

As at 31 December 2019 and 31 December 2018, the Sub-Fund's investments were concentrated in the following industries.

	2019		2018	
	Fair value HKD	% of net asset value	Fair value HKD	% of net asset value
Share holdings by sectors				
Basic materials	3,506,625	7.92%	3,465,954	7.92%
Communications	3,032,370	6.83%	2,155,827	4.91%
Consumer, cyclical	3,606,208	8.13%	8,513,539	19.45%
Consumer, non-cyclical	11,508,674	25.99%	7,505,832	17.13%
Energy	1,624,574	3.67%	1,060,542	2.42%
Financial	8,113,988	18.32%	8,912,706	20.33%
Industrial	8,801,002	19.87%	7,514,610	17.14%
Technology	2,713,306	6.13%	3,597,900	8.21%
Utilities	970,032	2.20%	1,136,214	2.59%
	<u>43,876,779</u>	<u>99.06%</u>	<u>43,863,124</u>	<u>100.10%</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2019

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(a) Market risk (continued)

(i) Equity price risk (continued)

Sensitivity analysis in the event of a possible change in the Index as estimated by the Manager

As at 31 December 2019, if the Index was to increase by 5% with all other variables held constant, profit before tax of the Sub-Fund for the period would have increased by approximately HKD2,193,839 (2018: HKD2,193,156). Conversely, if the Index was to decrease by 5%, the operating profit for the period would have decreased by an approximately equal amount.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates.

The Manager considers that the Sub-Fund is not subject to a significant amount of risk due to fluctuations in the prevailing level of market interest rate. As the financial instruments of the Sub-Fund are predominately listed equities, which are non-interest-bearing, the Manager considers that the exposure to the changes in the fair value in the event of a change in market interest rates is not significant. Therefore, no sensitivity analysis is presented.

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

100% of the Sub-Fund's sales and purchases were denominated in the Sub-Fund's functional currency. Assets and liabilities held by the Sub-Fund are mainly denominated in HKD, the functional currency of the Sub-Fund. Therefore, the Manager considers the Sub-Fund is not exposed to significant currency risk and no sensitivity analysis is presented.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(b) Credit and counterparty risk

Credit risk is the risk of loss to the Sub-Fund that may arise on outstanding financial instruments should a counterparty default on its obligations. The Sub-Fund minimises exposure to credit risk by only dealing with creditworthy counterparties.

All transactions by the Sub-Fund in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received the 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.

The Manager's policy is to closely monitor the creditworthiness of the Sub-Fund's counterparties (e.g., brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

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 only cash and cash equivalents and dividend receivables. As at 31 December 2019, the total of cash and cash equivalents and dividend receivables was HKD803,499 on which no loss allowance had been provided (2018: total of HKD362,428 on which no loss had been incurred). It is considered that there is no concentration of credit risk within these assets. No assets are considered to be impaired and no amounts have been written off in the year.

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 still classified as stage 1 and presented in gross carrying amount.

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 and dividend receivables. All the Sub-Fund's cash and cash equivalents are held in major financial institution located in Hong Kong, which the Manager believes are of high credit quality. The Manager considers the Sub-Fund is not exposed to significant credit risk and no loss allowance has been made.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(b) Credit and counterparty risk (continued)

Financial assets not subject to IFRS 9's impairment requirements

The Sub-Fund is exposed to credit risk on equity 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 under IFRS 9 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 assets held with the Custodian. The tables below summarise the Sub-Fund's assets placed with the Custodian and their related credit ratings from Moody's or S&P:

	HKD	Credit rating	Source of credit rating
As at 31 December 2019			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	43,876,779	A+	S&P
As at 31 December 2018			
<u>Custodian</u>			
HSBC Institutional Trust Services (Asia) Limited	43,863,124	A2	Moody's

The Manager of the Sub-Fund considers that none of these assets were impaired nor past due as at 31 December 2019.

(c) 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 assets 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(c) Liquidity risk (continued)

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 equity 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.

	On demand HKD'000	Less than 1 month HKD'000	1 to 3 months HKD'000	4 to 12 months HKD'000	(Note) No term HKD'000	Total HKD'000
As at 31 December 2019						
<u>Financial assets</u>						
Financial assets at fair value						
through profit or loss	-	43,846	-	-	31	43,877
Dividend receivables	-	62	-	-	-	62
Cash and cash equivalents	742	-	-	-	-	742
Total	742	43,908	-	-	31	44,681
<u>Financial liabilities</u>						
Management fee payable	-	19	-	-	-	19
Trustee and registrar fees payable	-	53	-	-	-	53
Other payables and accruals	-	97	-	134	-	231
Auditor's remuneration payable	-	-	-	117	-	117
Total	-	169	-	251	-	420

Note:

The Manager considers there is no term of maturity because the financial assets at FVPL are suspended from trading.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

14. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(c) Liquidity risk (continued)

	On demand HKD'000	Less than 1 month HKD'000	1 to 3 months HKD'000	4 to 12 months HKD'000	(Note) No term HKD'000	Total HKD'000
As at 31 December 2018						
<u>Financial assets</u>						
Financial assets at fair value through profit or loss	-	43,328	-	-	535	43,863
Dividend receivables	-	19	11	-	-	30
Cash and cash equivalents	333	-	-	-	-	333
Total	333	43,347	11	-	535	44,226
<u>Financial liabilities</u>						
Management fee payable	-	19	-	-	-	19
Trustee and registrar fees payable	-	58	-	-	-	58
Other payables and accruals	-	213	-	-	-	213
Auditor's remuneration payable	-	-	-	117	-	117
Total	-	290	-	117	-	407

Note:

The Manager considers there is no term of maturity because the financial assets at FVPL are suspended from trading over one year.

Capital management

The Sub-Fund's capital is represented by its net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

The Manager manages the capital of the Sub-Fund in accordance with the Sub-Fund's investment objectives and policies stated in the prospectus.

NOTES TO FINANCIAL STATEMENTS

31 December 2019

15. SEGMENT INFORMATION

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

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

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

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

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.

16. EVENTS AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease ("COVID-19 outbreak") in early 2020 has had significant impact on global financial markets. The Manager will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Sub-Fund. Both the Index and published NAV per unit have dropped by 7% from 1 January 2020 to 9 April 2020. This is considered to be a non-adjusting event after the reporting period. The Manager will continue to remain alert to the situation and monitor the subscriptions and redemptions of the Sub-Fund.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 9 April 2020.

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

INVESTMENT PORTFOLIO

As at 31 December 2019

Listed equities	Holdings Shares	Market Value HKD	% of NAV
<u>Hong Kong</u>			
Basic Materials			
Angang Steel Co Ltd	132,650	429,786	0.97
China Risun Group Ltd	99,000	257,400	0.58
Dongyue Group Ltd	109,700	473,904	1.07
Jinchuan Group International Resources Co Ltd	307,000	199,550	0.45
Maanshan Iron & Steel Co Ltd	163,100	515,396	1.16
Shandong Gold Mining Co Ltd	33,000	611,160	1.38
Sinofert Holdings Ltd	205,700	166,617	0.38
Zhaojin Mining Industry Co Ltd	99,049	852,812	1.93
Communications			
CITIC Telecom International Holdings Ltd	155,200	440,768	0.99
FIH Mobile Ltd	309,000	466,590	1.05
HKBN Ltd	73,979	966,166	2.18
Smartone Telecommunications Holdings Ltd	33,000	198,000	0.45
Weimob Inc	139,000	471,210	1.06
Wise Talent Information Technology Co Ltd	14,600	223,380	0.50
Yangtze Optical Fibre and Cable Joint Stock Ltd Co	17,200	266,256	0.60
Consumer, Cyclical			
China Lilang Ltd	45,000	286,200	0.65
Citychamp Watch & Jewellery	148,500	247,995	0.56
Grand Baoxin Auto Group Ltd	65,500	97,595	0.22
IMAX China Holding Inc	11,900	195,636	0.44
JNBY Design Ltd	20,000	209,200	0.47
Skyworth Group Ltd	188,000	423,000	0.95
SMI Holdings Ltd	89,060	-	-
SunCity Group Holdings Ltd	190,000	302,100	0.68
TCL Multimedia Technology Holdings Ltd	80,000	292,800	0.66
Texhong Textile Group Ltd	26,600	233,282	0.53
Xiabuxiabu Catering Management (China) Holdings Co Ltd	61,000	622,200	1.40
Xtep International Holdings	117,657	487,100	1.10
Yadea Group Holdings Ltd	102,000	209,100	0.47
Consumer, Non-cyclical			
Beijing Tong Ren Tang Chinese Medicine Co Ltd	24,000	282,240	0.64
China Grand Pharmaceutical and Healthcare Holdings Ltd	143,300	607,592	1.37
China Huiyuan Juice Group Ltd	51,300	-	-

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
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INVESTMENT PORTFOLIO (continued)

As at 31 December 2019

Listed equities (continued)	Holdings Shares	Market Value HKD	% of NAV
<u>Hong Kong</u> (continued)			
Consumer, Non-cyclical (continued)			
China Kepei Education Group Ltd	68,000	255,680	0.58
China Maple Leaf Educational Systems Ltd	140,600	447,108	1.01
China New Higher Education Group Ltd	67,700	205,131	0.46
China Resources Medical Holdings Co Ltd	79,500	359,340	0.81
China Shineway Pharmaceutical Group Ltd	27,900	205,902	0.46
China Yuhua Education Corp Ltd	109,200	575,484	1.30
C-Mer Eye Care Holdings Ltd	36,000	180,360	0.41
Consun Pharmaceutical Group Ltd	42,700	198,128	0.45
Frontage Holdings Corp	76,000	335,920	0.76
Fu Shou Yuan International	105,900	698,940	1.58
Guangzhou Pharmaceutical Holdings Co Ltd	18,000	478,800	1.08
Hope Education Group Co Ltd	252,000	340,200	0.77
Hua Han Health Industry Holding Co Ltd	849,100	-	-
Koolearn Technology Holding Ltd	26,500	492,900	1.11
Lifetech Scientific Corp	265,369	395,400	0.89
Livzon Pharmaceutical Group Inc	15,079	365,666	0.83
Microport Scientific Corp	68,600	633,178	1.43
Minsheng Education Group Co Ltd	74,400	102,672	0.23
Shenzhen Expressway Co Ltd	67,000	749,060	1.69
Tong Ren Tang Technologies Co Ltd	55,900	428,194	0.97
United Laboratories Ltd	63,800	362,384	0.82
Wisdom Education International Holdings Co Ltd	60,000	198,000	0.45
WuXi AppTec Co Ltd	14,500	1,401,425	3.16
YiChang HEC ChangJiang Pharmaceutical Co Ltd	12,600	557,550	1.26
Yuexiu Transport Infrastructure Ltd	94,000	651,420	1.47
Energy			
Agritrade Resources Ltd	280,000	162,400	0.37
Canvest Environmental Protection	59,200	213,120	0.48
China Everbright Greentech Ltd	67,700	285,694	0.64
China Tian Lun Gas Holdings Ltd	48,000	334,560	0.76
Sinopec Kantons Holdings Ltd	96,000	314,880	0.71
Southern Energy Holdings Group Ltd	60,000	52,800	0.12
Xinyi Energy Holdings Ltd	128,000	261,120	0.59
Financial			
51 Credit Card Inc	23,000	33,580	0.08
Bank of Chongqing Co Ltd	61,300	286,271	0.65
C&D International Investment Group Ltd	26,000	234,520	0.53
China Ding Yi Feng Holdings Ltd	88,000	9,680	0.02

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
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INVESTMENT PORTFOLIO (continued)

As at 31 December 2019

Listed equities (continued)	Holdings Shares	Market Value HKD	% of NAV
<u>Hong Kong</u> (continued)			
Financial (continued)			
China Overseas Grand Oceans Group Ltd	161,100	868,329	1.96
China Overseas Property Holdings Ltd	122,200	598,780	1.35
China SCE Group Holdings Ltd	194,400	882,576	1.99
Colour Life Services Group	40,000	172,000	0.39
CSC Financial Co Ltd H Shares	71,200	478,464	1.08
Dexin China Holdings Co Ltd	89,000	283,020	0.64
Fantasia Holdings Group Co Ltd	140,700	204,015	0.46
Gemdale Properties & Investment Corp Ltd	523,700	539,411	1.22
Genertec Universal Medical Group Co Ltd	105,000	619,500	1.40
Greenland Hong Kong Holdings Ltd	81,600	275,808	0.62
Guorui Properties Ltd	108,000	176,040	0.40
Kasen International Holdings Ltd	63,000	229,950	0.52
Orient Securities Co Ltd/China	77,500	378,975	0.86
Red Star Macalline Group Corp Ltd	42,600	278,604	0.63
Redco Group	99,600	378,480	0.85
Redsun Properties Group Ltd	97,000	250,260	0.56
Shun Tak Holdings Ltd	128,000	476,160	1.07
Skyfame Realty Holdings Ltd	232,000	238,960	0.54
Zhuguang Holdings Group Co Ltd	210,100	220,605	0.50
Industrial			
Asia Cement China Holdings Corp	44,500	517,980	1.17
BBMG Corp	208,954	499,400	1.13
China Aircraft Leasing Group	26,300	218,027	0.49
China Logistics Property Holdings Co Ltd	63,000	190,890	0.43
China Water Affairs Group Ltd	82,300	479,809	1.08
COSCO Shipping Energy Transportation Co Ltd	108,900	400,752	0.90
COSCO Shipping Holdings Co Ltd H Shares	243,000	767,880	1.73
CT Environmental Group Ltd	238,000	21,420	0.05
Lonking Holdings Ltd	181,400	424,476	0.96
Metallurgical Corporation of China Ltd	270,500	473,375	1.07
Pacific Basin Shipping Ltd	438,400	718,976	1.62
Q Technology Group Company Ltd	38,000	490,200	1.11
Realord Group Holdings Ltd	42,900	196,053	0.44
Sany Heavy Equipment International Holdings Co Ltd	102,000	434,520	0.98
Shanghai Electric Group Corp	252,000	645,120	1.46

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a sub-fund of ChinaAMC Global ETF Series)

INVESTMENT PORTFOLIO (continued)

As at 31 December 2019

Listed equities (continued)	Holdings Shares	Market Value HKD	% of NAV
<u>Hong Kong</u> (continued)			
Industrial (continued)			
Sinotrans Ltd	201,700	534,505	1.21
Tianneng Power Intl Ltd	69,400	411,542	0.93
Tongda Group Holdings Ltd	410,000	397,700	0.90
Tysan Holdings Ltd (formerly known as “Hong Kong International Construction Investment Management Group Co Ltd”)	47,100	47,100	0.11
West China Cement Ltd	212,021	271,387	0.61
Xinjiang Goldwind Sci & Tech	72,916	659,890	1.49
Technology			
Camsing International Holding Ltd	40,000	-	-
Chinasoft International Ltd	215,003	946,013	2.14
HC Group Inc	63,300	146,856	0.33
iDreamSky Technology Holdings Ltd	54,000	241,920	0.55
IGG Inc	88,776	510,462	1.15
Leyou Technologies Holdings Ltd	101,500	236,495	0.53
Netdragon Websoft Holdings Ltd	20,500	375,560	0.85
VSTECs Holdings Ltd	64,000	256,000	0.58
Utilities			
Datang International Power Generation Co Ltd	286,900	427,481	0.97
GCL New Energy Holdings Ltd	556,300	87,895	0.20
Huadian Power International Corp Ltd	153,600	454,656	1.03
Unlisted equities			
Consumer, Cyclical			
Fuguiniaio Co Ltd	93,800	-	-
Total investments, at fair value		<u>43,876,779</u>	<u>99.06</u>
Total investments, at cost		<u>49,943,901</u>	

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF
(a Sub-fund of ChinaAMC Global ETF Series)

MOVEMENTS IN INVESTMENT PORTFOLIO

Year ended 31 December 2019

Listed equities	Holdings as at 1 January 2019	Additions	Disposals	Corporate actions	Holdings as at 31 December 2019
Hong Kong					
361 Degrees International	69,200	-	(69,200)	-	-
51 Credit Card Inc	-	27,500	(4,500)	-	23,000
Agritrade Resources Ltd	-	280,000	-	-	280,000
Angang Steel Co Ltd	90,500	16,000	(4,000)	30,150	132,650
Asia Cement China Holdings Corp	-	45,500	(1,000)	-	44,500
Ausnutria Dairy Corp Ltd	53,000	6,000	(59,000)	-	-
Babytree Group	-	54,500	(54,500)	-	-
Bank of Chongqing Co Ltd	52,800	8,500	-	-	61,300
BBMG Corp	184,954	42,000	(18,000)	-	208,954
Beijing Enterprises Clean Energy Group Ltd	2,140,000	-	(2,140,000)	-	-
Beijing Gas Blue Sky Holdings Ltd	485,600	56,000	(541,600)	-	-
Beijing Tong Ren Tang Chinese Medicine Co Ltd	21,000	3,000	-	-	24,000
BOCOM International Holdings Co Ltd	69,000	7,000	(76,000)	-	-
C&D International Investment Group Ltd	-	26,000	-	-	26,000
Camsing International Holding Ltd	36,000	4,000	-	-	40,000
Canvest Environmental Protection	62,200	3,000	(6,000)	-	59,200
Carnival Group International Holdings Ltd	-	770,000	(770,000)	-	-
Central China Real Estate Ltd	68,800	-	(68,800)	-	-
Chiho Environmental Group Ltd	34,000	-	(34,000)	-	-
China Aircraft Leasing Group	22,800	3,500	-	-	26,300
China Aoyuan Group Ltd	90,200	3,000	(93,200)	-	-
China Ding Yi Feng Holdings Ltd	88,000	-	-	-	88,000
China Dongxiang Group Co	296,600	-	(296,600)	-	-
China Everbright Greentech Ltd	60,700	10,000	(3,000)	-	67,700
China Gold International Resources Corp Ltd	21,600	2,200	(23,800)	-	-
China Grand Pharmaceutical and Healthcare Holdings Ltd	111,300	36,000	(4,000)	-	143,300
China Harmony New Energy Auto Hldg Ltd	64,400	6,000	(70,400)	-	-
China Huiyuan Juice Group Ltd	51,300	-	-	-	51,300
China Kepei Education Group Ltd	-	68,000	-	-	68,000
China Lilang Ltd	40,000	7,000	(2,000)	-	45,000
China LNG Group Ltd	166,000	16,000	(182,000)	-	-
China Logistics Property Holdings Co Ltd	-	63,000	-	-	63,000

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

Year ended 31 December 2019

Listed equities (continued)	Holdings as at 1 January 2019	Additions	Disposals	Corporate actions	Holdings as at 31 December 2019
Hong Kong (continued)					
China Maple Leaf Educational Systems Ltd	124,600	22,000	(6,000)	-	140,600
China Merchants Land Ltd	123,700	-	(123,700)	-	-
China Metal Resources Utilization Ltd	93,400	-	(93,400)	-	-
China New Higher Education Group Ltd	53,700	14,000	-	-	67,700
China Overseas Grand Oceans Group Ltd	144,100	22,000	(5,000)	-	161,100
China Overseas Property Holdings Ltd	107,200	20,000	(5,000)	-	122,200
China Power New Energy Development Co Ltd	35,000	-	(35,000)	-	-
China Resources Medical Holdings Co Ltd	-	82,000	(2,500)	-	79,500
China Risun Group Ltd	-	99,000	-	-	99,000
China SCE Group Holdings Ltd	160,400	41,000	(7,000)	-	194,400
China Shineway Pharmaceutical Group Ltd	23,900	4,000	-	-	27,900
China Tian Lun Gas Holdings Ltd	-	48,000	-	-	48,000
China Water Affairs Gr Ltd	74,300	12,000	(4,000)	-	82,300
China Yuhua Education Corp Ltd	95,200	20,000	(6,000)	-	109,200
Chinasoft International Ltd	171,003	52,000	(8,000)	-	215,003
CITIC Telecom International Holdings Ltd	132,200	28,000	(5,000)	-	155,200
Citychamp Watch & Jewellery	128,500	20,000	-	-	148,500
C-Mer Eye Care Holdings Ltd	30,000	6,000	-	-	36,000
COFCO Meat Holdings Ltd	64,900	-	(64,900)	-	-
Cogobuy Group	49,000	12,000	(61,000)	-	-
Colour Life Services Group	28,000	12,000	-	-	40,000
Consun Pharmaceutical Group Ltd	36,700	6,000	-	-	42,700
Coolpad Group Limited	614,600	-	(614,600)	-	-
COSCO Shipping Development Co Ltd	315,210	-	(315,210)	-	-
COSCO Shipping Energy Transportation Co Ltd	96,900	16,000	(4,000)	-	108,900
COSCO Shipping Holdings Co Ltd H Shares	-	252,000	(9,000)	-	243,000
Cosmo Lady Holdings Co Ltd	75,500	-	(75,500)	-	-
CPMC Holdings Ltd	35,000	-	(35,000)	-	-
CSC Financial Co Ltd H Shares	63,700	10,000	(2,500)	-	71,200
CSSC Offshore and Marine Engineering Group Co Ltd	22,000	-	(22,000)	-	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

Year ended 31 December 2019

Listed equities (continued)	Holdings as at 1 January 2019	Additions	Disposals	Corporate actions	Holdings as at 31 December 2019
Hong Kong (continued)					
CT Environmental Group Ltd	238,000	-	-	-	238,000
Dah Chong Hong Holdings Ltd	69,400	13,000	(82,400)	-	-
Datang International Power Generation Co Ltd	252,900	44,000	(10,000)	-	286,900
Dexin China Holdings Co Ltd	-	89,000	-	-	89,000
Digital China Holdings Ltd	56,600	-	(56,600)	-	-
Dingyi Group Investment Ltd	213,000	60,000	(273,000)	-	-
Dongyue Group Ltd	97,700	16,000	(4,000)	-	109,700
Esprit Holdings Ltd	142,600	-	(142,600)	-	-
Everbright Securities Co Ltd	23,600	-	(23,600)	-	-
Fantasia Holdings Group Company Ltd	121,200	19,500	-	-	140,700
FDG Electric Vehicals Ltd	1,619,678	-	(1,619,678)	-	-
FDG Kinetic Ltd	128,900	-	(128,900)	-	-
FIH Mobile Ltd	-	320,000	(11,000)	-	309,000
Freeman Fintech Corporation Ltd	-	114,000	(114,000)	-	-
Frontage Holdings Corp	-	76,000	-	-	76,000
Fu Shou Yuan International	91,900	23,000	(9,000)	-	105,900
Fufeng Group Ltd	138,900	-	(138,900)	-	-
Fuguiniao Co Ltd	93,800	-	-	-	93,800
GCL New Energy Holdings Ltd	480,300	76,000	-	-	556,300
Gemdale Properties & Investment Corp Ltd	399,700	142,000	(18,000)	-	523,700
Genertec Universal Medical Group Co Ltd	92,500	18,000	(5,500)	-	105,000
Global Brands Group Holding Ltd	537,500	-	(537,500)	-	-
Goodbaby International Holdings Ltd	77,000	8,000	(85,000)	-	-
Grand Baoxin Auto Group Ltd	-	65,500	-	-	65,500
Greenland Hong Kong Holdings Ltd	46,600	35,000	-	-	81,600
Greentown Service Group Co Ltd	93,200	-	(93,200)	-	-
Ground International Development Ltd	-	95,000	(95,000)	-	-
Guangshen Railway Co Ltd	118,769	14,000	(132,769)	-	-
Guangzhou Pharmaceutical Holdings Co Ltd	18,000	2,000	(2,000)	-	18,000
Guorui Properties Ltd	-	108,000	-	-	108,000
HC Group Inc	42,300	21,000	-	-	63,300
HKBN Ltd	62,479	14,000	(2,500)	-	73,979

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

Year ended 31 December 2019

Listed equities (continued)	Holdings as at 1 January 2019	Additions	Disposals	Corporate actions	Holdings as at 31 December 2019
Hong Kong (continued)					
Hope Education Group Co Ltd	-	260,000	(8,000)	-	252,000
Hua Han Health Industry Holdings co Ltd	849,100	-	-	-	849,100
Huadian Power International Corp Ltd	135,600	24,000	(6,000)	-	153,600
Huayi Tencent Entertainment Co Ltd	570,000	-	(570,000)	-	-
iDreamSky Technology Holdings Ltd	-	54,000	-	-	54,000
IGG Inc	80,776	12,000	(4,000)	-	88,776
IMAX China Holding Inc	10,500	1,400	-	-	11,900
Jinchuan Group International Resources Co Ltd	262,000	45,000	-	-	307,000
JNBY Design Ltd	17,000	3,000	-	-	20,000
Kasen International Holdings Ltd	-	63,000	-	-	63,000
Kingdee International Software Grp Co Ltd	191,700	-	(191,700)	-	-
Koolearn Technology Holding Ltd	-	27,500	(1,000)	-	26,500
KuangChi Science Ltd	-	199,000	(199,000)	-	-
Lee's Pharmaceutical Holdings Ltd	-	24,500	(24,500)	-	-
Leyou Technologies Holdings Ltd	116,500	10,000	(25,000)	-	101,500
Li Ning Co Ltd	154,700	-	(154,700)	-	-
Lifetech Scientific Corp	215,369	98,000	(48,000)	-	265,369
Livzon Pharmaceutical Group Inc	10,369	1,800	(500)	3,410	15,079
Lonking Holdings Ltd	161,400	26,000	(6,000)	-	181,400
Maanshan Iron & Steel Co Ltd	143,100	26,000	(6,000)	-	163,100
Metallurgical Corporation of China Ltd	240,500	45,000	(15,000)	-	270,500
Microport Scientific Corp	54,600	23,000	(9,000)	-	68,600
Minsheng Education Group Co Ltd	68,400	6,000	-	-	74,400
Netdragon Websoft Holdings Ltd	-	20,500	-	-	20,500
New Heritage Holdings Ltd	82,400	-	(82,400)	-	-
OP Financial Ltd	85,700	8,000	(93,700)	-	-
Orient Securities Co Ltd/China	69,100	10,800	(2,400)	-	77,500
Pacific Basin Shipping Ltd	373,400	80,000	(15,000)	-	438,400
Panda Green Energy Group Ltd	320,400	-	(320,400)	-	-
Pou Sheng International (Holdings) Ltd	179,100	-	(179,100)	-	-
Powerlong Real Estate Holdings Ltd	116,300	13,000	(129,300)	-	-
Q Technology Group Company Ltd	33,000	6,000	(1,000)	-	38,000
Realord Group Holdings Ltd	34,900	8,000	-	-	42,900
Red Star Macalline Group Corp Ltd	39,600	3,000	-	-	42,600
Redco Group	73,600	26,000	-	-	99,600
Redsun Properties Group Ltd	-	97,000	-	-	97,000
Regal Hotels International Holdings Ltd	22,900	-	(22,900)	-	-
Road King Infrastructure Ltd	21,400	3,000	(24,400)	-	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

Year ended 31 December 2019

Listed equities (continued)	Holdings as at 1 January 2019	Additions	Disposals	Corporate actions	Holdings as at 31 December 2019
Hong Kong (continued)					
Ronshine China Holdings Ltd	53,700	8,500	(62,200)	-	-
Sany Heavy Equipment International Holdings Co Ltd	77,000	28,000	(3,000)	-	102,000
Shandong Gold Mining Co Ltd	-	33,000	-	-	33,000
Shanghai Electric Group Corp	224,000	48,000	(20,000)	-	252,000
Shanghai Industrial Land Development Group Ltd	120,400	12,000	(132,400)	-	-
Shenzhen Expressway Co Ltd	59,000	10,000	(2,000)	-	67,000
Shougang Fushan Resources Group Ltd	200,500	20,000	(220,500)	-	-
Shun Tak Holdings Ltd	-	132,000	(4,000)	-	128,000
Sinofert Holdings Ltd	177,700	28,000	-	-	205,700
Sinopec Kantons Holdings Ltd	-	96,000	-	-	96,000
Sinotrans Ltd	179,700	29,000	(7,000)	-	201,700
Skyfame Realty Holdings Ltd	198,000	34,000	-	-	232,000
Skyworth Group Ltd	-	194,000	(6,000)	-	188,000
Smartone Telecommunications Holdings Ltd	-	33,000	-	-	33,000
SMI Holdings Ltd	89,060	-	-	-	89,060
Southern Energy Holdings Group Ltd	-	60,000	-	-	60,000
SSY Group Ltd	126,000	-	(126,000)	-	-
SunCity Group Holdings Ltd	-	190,000	0	-	190,000
SUNeVision Holdings Ltd	59,000	-	(59,000)	-	-
TCL Multimedia Technology Holdings Ltd	69,000	11,000	-	-	80,000
Texhong Textile Group Ltd	23,100	3,500	-	-	26,600
Tian Ge Interactive Holdings	53,317	11,000	(64,317)	-	-
Tianjin Port Development Holdings Ltd	156,000	-	(156,000)	-	-
Tianneng Power Intl Ltd	61,400	10,000	(2,000)	-	69,400
Tong Ren Tang Technologies Co Ltd	49,900	12,000	(6,000)	-	55,900
Tongda Group Holdings Ltd	-	410,000	-	-	410,000
Truly International Holdings Ltd	158,000	24,000	(182,000)	-	-
Tysan Holdings Ltd (formerly known as "Hong Kong International Construction Investment Management Group Co Ltd")	43,100	32,000	(28,000)	-	47,100
United Laboratories Ltd	53,800	10,000	-	-	63,800
VSTECS Holdings Ltd	-	64,000	-	-	64,000
We Solutions Ltd	329,400	24,000	(353,400)	-	-
Weimob Inc	-	143,000	(4,000)	-	139,000
West China Cement Ltd	206,021	20,000	(14,000)	-	212,021
Wisdom Education International Holdings Co Ltd	50,000	10,000	-	-	60,000
Wise Talent Information Technology Co Ltd	-	15,200	(600)	-	14,600

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

Year ended 31 December 2019

Listed equities (continued)	Holdings as at 1 January 2019	Additions	Disposals	Corporate actions	Holdings as at 31 December 2019
Hong Kong (continued)					
WuXi AppTec Co Ltd	-	14,900	(400)	-	14,500
Xiabuxiabu Catering Management (China) Holdings Co Ltd	54,000	9,000	(2,000)	-	61,000
Xinjiang Goldwind Sci & Tech	54,530	20,786	(2,400)	-	72,916
Xinyi Energy Holdings Ltd	-	128,000	-	-	128,000
Xtep International Holdings	84,657	33,000	-	-	117,657
Yadea Group Holdings Ltd	88,000	14,000	-	-	102,000
Yangtze Optical Fibre and Cable Joint Stock Ltd Co	14,700	2,500	-	-	17,200
YiChang HEC ChangJiang Pharmaceutical Co Ltd	11,200	2,000	(600)	-	12,600
Yihai International Holding Ltd	43,000	6,000	(49,000)	-	-
Yuexiu Transport Infrastructure Ltd	70,000	24,000	-	-	94,000
Zhaojin Mining Industry Co Ltd	87,049	15,000	(3,000)	-	99,049
Zhuguang Holdings Group Co Ltd	188,100	30,000	(8,000)	-	210,100
Unlisted Securities					
China Aoyuan Group Ltd Off 19 Rts 31/12/2019	-	-	(1,061)	1,061	-
Xinjiang Goldwind Science & Technology Co Ltd Nil paid Rts 23/04/2019	-	-	(11,386)	11,386	-

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PERFORMANCE RECORD

Year ended 31 December 2019

1) Net asset value

	Net asset value per unit HKD	Total net asset value HKD
As at:		
31 December 2019	22.1463	44,292,628
31 December 2018	21.9094	43,818,893
31 December 2017	26.6089	63,861,391

2) Highest issue and lowest redemption prices per unit

	Highest issue unit price HKD	Lowest redemption unit price HKD
During the year/period ended:		
Year ended 31 December 2019	26.06	20.61
Year ended 31 December 2018	30.54	21.57
Year ended 31 December 2017	26.96	21.80
For the period from 23 October 2015 (date of inception) to 31 December 2016	25.10	18.94

3) Comparison of the scheme performance and the actual Index performance ¹

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	The Sub-Fund
During the year/period ended:		
31 December 2019	4.97%	-2.08%
31 December 2018	-14.72%	-14.62%
31 December 2017 ²	25.09%	20.76%
31 December 2016 ³	-10.75%	-16.53%

¹ Past performance figures shown are not indicative of the future performance of the Sub-Fund.

² The performance of the Sub-Fund prior to 3 March 2017 were achieved under circumstances that no longer apply. The underlying index was changed from the Hang Seng Composite SmallCap Index to the Hang Seng Stock Connect Hong Kong SmallCap Index on 3 March 2017.

³ The financial period of the Sub-Fund extended from 23 October 2015 (date of inception) to 31 December 2016.

