

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

Annual Report

For the year ended 31 December 2020



**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 2020

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  
Gan Tian  
Li Yimei  
Li Fung Ming  
Zhang Xiaoling (resigned on 14 September 2020)

### **Trustee and Registrar**

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

### **Auditor**

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
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 the Hang Seng Composite SmallCap Index (the “Index”), which was changed to Hang Seng Stock Connect Hong Kong SmallCap Index effective from 3 March 2017.

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 currency<sup>1,2</sup>):

|  | 1-Month | 3-Month | Since Launch <sup>3</sup> |
|--|---------|---------|---------------------------|
| The Index                                      | 7.15%   | 16.23%  | 21.37%                    |
| HKD Counter of the Sub-Fund (NAV-to-NAV)       | 6.80%   | 15.20%  | 19.47%                    |
| HKD Counter of the Sub-Fund (Market-to-Market) | 5.37%   | 14.64%  | 19.91%                    |

**Activities of the Sub-Fund**

According to Bloomberg, the average daily trading volume of the Sub-Fund was approximately 303.28 units from 1 January 2020 to 31 December 2020. As of 31 December 2020, there were 2,000,000 units outstanding.

**Activities of the Index**

There were 4 rebalance for the Index from 1 January 2020 to 31 December 2020. As of 31 December 2020, the Sub-Fund comprised of 131 constituent stocks in the Index.

.....  
China Asset Management (Hong Kong) Limited  
26 March 2021

<sup>1</sup> Source: Bloomberg, as of 31 December 2020. Performances of Hang Seng Stock Connect Hong Kong SmallCap Index and the Sub-Fund are calculated in HKD.

<sup>2</sup> Past performance figures shown are not indicative of the future performance of the Sub-Fund.

<sup>3</sup> 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 2020.

.....  
HSBC Institutional Trust Services (Asia) Limited  
26 March 2021

## 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 (the "Trust Deed"), as amended or supplemented from time to time, to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

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

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

The Trust is an umbrella unit trust governed by its Trust Deed. As at 31 December 2020, 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 38 which comprise the statement of financial position as at 31 December 2020, 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 2020, 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  |
|--|---|
| <b>Existence and valuation of financial assets at fair value through profit or loss</b>  |   |
| <p>As at 31 December 2020, financial assets at fair value through profit or loss amounted to HKD54,370,341 which represented 98.81% of the net asset value of the Sub-Fund. These financial assets were listed shares on the Hong Kong Stock Exchange and there were 131 constituent listed shares in the Sub-Fund. They were held 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 11 to 12 to the financial statements.</p> | <p>We obtained independent confirmation from the custodian of the investment portfolio held at 31 December 2020, 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 sources at 31 December 2020.</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 financial assets at fair value through profit or loss 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 (the "Trust Deed"), as amended or supplemented from time to time, and the relevant disclosure provisions of Appendix E of the *Code on Unit Trusts and Mutual Funds* (the "SFC Code") 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 provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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

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

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

Certified Public Accountants  
Hong Kong  
26 March 2021

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

STATEMENT OF FINANCIAL POSITION

31 December 2020

|   | Notes | 2020<br>HKD       | 2019<br>HKD       |
|---|-------|-------------------|-------------------|
| <b>ASSETS</b>   |       |                   |                   |
| Financial assets at fair value through profit or loss | 11    | 54,370,341        | 43,876,779        |
| Dividend receivables                                  |       | 9,945             | 61,704            |
| Prepayment and other receivables                      |       | -                 | 32,422            |
| Cash and cash equivalents                             | 7     | 1,078,167         | 741,795           |
| <b>TOTAL ASSETS</b>                                   |       | <u>55,458,453</u> | <u>44,712,700</u> |
| <b>LIABILITIES</b>                                    |       |                   |                   |
| Management fee payable                                | 5(a)  | 22,309            | 18,978            |
| Trustee and registrar fees payable                    | 5(b)  | 50,821            | 52,603            |
| Other payables and accruals                           |       | 357,766           | 348,491           |
| <b>TOTAL LIABILITIES</b>                              |       | <u>430,896</u>    | <u>420,072</u>    |
| <b>EQUITY</b>   |       |                   |                   |
| Net assets attributable to unitholders                | 13    | <u>55,027,557</u> | <u>44,292,628</u> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                   |       | <u>55,458,453</u> | <u>44,712,700</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 2020

|   | Notes         | 2020<br>HKD              | 2019<br>HKD           |
|---|---------------|--------------------------|-----------------------|
| <b>INCOME</b>   |               |                          |                       |
| Dividend income   |               | 1,250,361                | 1,642,596             |
| Interest income   | 5(e)          | 7                        | 323                   |
|   |               | <u>1,250,368</u>         | <u>1,642,919</u>      |
| <b>EXPENSES</b>   |               |                          |                       |
| Management fee  | 5(a)          | ( 233,947)               | ( 227,854)            |
| Trustee and registrar fees  | 5(b)          | ( 600,000)               | ( 600,002)            |
| Accounting fees   | 5(c)          | ( 75,000)                | ( 75,000)             |
| Auditor's remuneration  |               | ( 120,200)               | ( 117,000)            |
| Transaction fees  | 5(f), 5(g), 6 | ( 165,539)               | ( 146,794)            |
| Legal and professional fees   |               | ( 9,607)                 | ( 75,040)             |
| Safe custody and bank charges   | 5(d)          | ( 9,514)                 | ( 9,885)              |
| Other operating expenses  |               | ( 343,759)               | ( 311,081)            |
|   |               | <u>( 1,557,566)</u>      | <u>( 1,562,656)</u>   |
| <b>(LOSS)/PROFIT BEFORE INVESTMENT GAINS AND EXCHANGE DIFFERENCES</b>                   |               | <b>( 307,198)</b>        | <b>80,263</b>         |
| <b>INVESTMENT GAINS AND EXCHANGE DIFFERENCES</b>  |               |                          |                       |
| Net realised losses on financial assets at fair value through profit or loss            |               | ( 80,127)                | ( 354,388)            |
| Net change in unrealised gains on financial assets at fair value through profit or loss |               | 11,154,069               | 788,288               |
| Foreign exchange gains  |               | 223                      | 128                   |
|   |               | <u>11,074,165</u>        | <u>434,028</u>        |
| <b>PROFIT BEFORE TAX</b>  |               | <b>10,766,967</b>        | <b>514,291</b>        |
| Withholding tax expense   | 9             | ( 32,038)                | ( 40,556)             |
| <b>TOTAL COMPREHENSIVE INCOME</b>   |               | <b><u>10,734,929</u></b> | <b><u>473,735</u></b> |

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 2020

|  | Units                   | HKD                      |
|--|-------------------------|--------------------------|
| At 1 January 2019                      | 2,000,000               | 43,818,893               |
| Total comprehensive income             | -                       | 473,735                  |
| At 31 December 2019 and 1 January 2020 | <u>2,000,000</u>        | <u>44,292,628</u>        |
| Total comprehensive income             | -                       | 10,734,929               |
| At 31 December 2020                    | <u><u>2,000,000</u></u> | <u><u>55,027,557</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 2020

|   | Note | 2020<br>HKD   | 2019<br>HKD  |
|---|------|---------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |      |               |              |
| Profit before tax   |      | 10,766,967    | 514,291      |
| Adjustments for:  |      |               |              |
| Dividend income   |      | ( 1,250,361)  | ( 1,642,596) |
| Interest income   |      | ( 7)          | ( 323)       |
| Operating profit/(loss) before changes in working capital         |      | 9,516,599     | ( 1,128,628) |
| Increase in financial assets at fair value through profit or loss |      | ( 10,493,562) | ( 13,655)    |
| Decrease/(increase) in prepayments and other receivables          |      | 32,422        | ( 32,422)    |
| Increase/(decrease) in management fee payable                     |      | 3,331         | ( 140)       |
| Decrease in trustee and registrar fees payable                    |      | ( 1,782)      | ( 5,396)     |
| Increase in other payables and accruals                           |      | 9,275         | 18,949       |
| Cash used in operations   |      | ( 933,717)    | ( 1,161,292) |
| Dividend received   |      | 1,302,120     | 1,610,837    |
| Interest received   |      | 7             | 323          |
| Tax paid  |      | ( 32,038)     | ( 40,556)    |
| Net cash flows from operating activities                          |      | 336,372       | 409,312      |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                  |      | 336,372       | 409,312      |
| Cash and cash equivalents at the beginning of the year            |      | 741,795       | 332,483      |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>           |      | 1,078,167     | 741,795      |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>          |      |               |              |
| Cash at bank  | 7    | 1,078,167     | 741,795      |

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



## NOTES TO FINANCIAL STATEMENTS

31 December 2020

### 1. THE TRUST

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

These financial statements relate to the 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 (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 year's financial statements, which are applicable to the Sub-Fund.

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

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

The amendments provide a new definition of material that states, "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, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Sub-Fund.

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

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

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

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial instruments

##### (i) Classification

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

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

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

#### *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.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Classification (continued)

*Financial assets* (continued)

(b) Financial assets measured at FVPL

A financial asset is measured at FVPL if:

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

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

*Financial liabilities*

(a) Financial liabilities measured at amortised cost

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

(ii) Recognition

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

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

(iii) Initial measurement

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

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

#### Financial instruments (continued)

##### (iv) Subsequent measurement

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

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

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

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

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

##### (v) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Sub-Fund has:

- Transferred substantially all the risks and rewards of the asset, or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

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

#### Impairment of financial assets

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

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

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

#### Fair value measurement

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

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

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

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

#### Fair value measurement (continued)

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

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

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

#### Offsetting of financial instruments

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

#### Cash and cash equivalents

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

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

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

#### Redeemable units

Redeemable units are classified as an equity instrument when:

- (a) the redeemable units entitle the holder to a pro-rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation.
- (b) the redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- (c) all redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- (d) the redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro-rata share of the Sub-Fund's net assets.
- (e) the total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

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

#### Redeemable units (continued)

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

- (a) total cash flows based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund, and
- (b) the effect of substantially restricting or fixing the residual return to the redeemable unitholders.

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

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

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

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

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

#### Revenue recognition

- (a) Dividend income  
Dividend income is recognised on the date when the Sub-Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding income taxes, which are disclosed separately in profit or loss.
- (b) Interest income  
Interest income is recognised on an accrual basis using the EIR by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

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

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

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

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

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

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

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

#### Foreign currency translations

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

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

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

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

#### Functional and presentation currency

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

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

#### Distributions to unitholders

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

#### Taxes

The Sub-Fund is exempt from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. However, in some jurisdictions, dividend income, interest income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment gains in profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

#### Transactions fees

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



## NOTES TO FINANCIAL STATEMENTS

31 December 2020

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

#### Formation costs

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

#### Related parties

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

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

or

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

### 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 and adjusted NAV as detailed in note 12 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 2020

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 2020 amounted to HKD233,947 (2019: HKD227,854). As at 31 December 2020, a management fee of HKD22,309 (2019: HKD18,978) 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 rates as follows, subject to a monthly minimum of HKD50,000:

|                                | Trustee fee percentage<br>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 2020 amounted to HKD600,000 (2019: HKD600,002). As at 31 December 2020, trustee and registrar fees of HKD50,821 (2019: HKD52,603) 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 2020

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 2020 was HKD75,000 (2019: HKD75,000). As at 31 December 2020, an accounting fee of HKD50,000 (2019: 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 paid monthly in arrears.

The custodian fees for the year ended 31 December 2020 were HKD9,314 (2019: HKD9,505). As at 31 December 2020, no custodian fee was payable to the Trustee (2019: Nil).

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

The investments and bank balance deposited with the Trustee and its affiliates as at 31 December 2020 and 31 December 2019 are summarised below:

| As at 31 December 2020   | Notes | 2020<br>HKD | 2019<br>HKD |
|--|-------|-------------|-------------|
| <u>Investments</u>   |       |             |             |
| HSBC Institutional Trust Services (Asia) Limited               | 11    | 54,370,341  | 43,876,779  |
| <u>Bank balance</u>  |       |             |             |
| The Hongkong and Shanghai Banking Corporation Limited ("HSBC") | 7     | 1,078,167   | 741,795     |

For the year ended 31 December 2020, interest income of HKD7 (2019: HKD323) was recognised from the bank deposited with Trustee's affiliates.

(f) Transaction fees

The Trustee is entitled to receive a transaction fee of HKD120 for each rebalancing transaction. For the year ended 31 December 2020, transaction fees of HKD66,560 (2019: HKD61,760) were incurred towards the Trustee. As at 31 December 2020, transaction fees of HKD11,040 (2019: HKD11,200) were payable to the Trustee.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

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

(g) Investment transactions with connected persons of the Trustee

For the year ended 31 December 2020, broker commission through HSBC Global Market, the fellow subsidiary of the Trustee, amounted to HKD24,532 (2019: nil).

|  | Aggregate value<br>of purchases and<br>sales of securities<br>HKD | Total<br>commission<br>paid<br>HKD | % of<br>the Sub-Fund's<br>total transactions<br>during the period<br>% | Average<br>commission<br>rate<br>% |
|--|---|------------------------------------|--|------------------------------------|
| For the year ended 31<br>December 2020 |   |                                    |  |                                    |
| HSBC Global Market                     | 33,123,820  | 24,532                             | 63.54%   | 0.07%                              |

6. TRANSACTION FEES

Except as disclosed in note 5(f) to the financial statements, the amount represented the broker commission and other transaction fees incurred for purchases and sales of units and charged by the relevant brokers and participating dealers.

7. CASH AND CASH EQUIVALENTS

|              | 2020<br>HKD | 2019<br>HKD |
|--------------|-------------|-------------|
| Cash at bank | 1,078,167   | 741,795     |

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.

8. 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 2020 (2019: Nil). The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

9. 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 RMB Qualified Foreign Institutional Investors (the "RQFII") 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 2020 was HKD32,038 (2019: HKD40,556).

10. DISTRIBUTIONS

There were no distributions made by the Sub-Fund for the year ended 31 December 2020 (2019: 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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | 2020<br>HKD       | 2019<br>HKD       |
|---|-------------------|-------------------|
| Financial assets at fair value through profit or loss |                   |                   |
| - listed equity securities                            | <u>54,370,341</u> | <u>43,876,779</u> |

12. 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 2020 and 2019.

*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 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 and adjusted NAV. Such valuation methods are 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows an analysis of the Sub-Fund's financial assets measured at fair value at 31 December 2020 and 31 December 2019:

|  | Quoted prices<br>in active<br>markets<br>Level 1<br>HKD | Significant<br>observable<br>inputs<br>Level 2<br>HKD | Significant<br>unobservable<br>inputs<br>Level 3<br>HKD | Total<br>HKD |
|--|---|---|---|--------------|
| 2020   |   |   |   |              |
| <u>Financial assets at fair value<br/>through profit or loss</u> |   |   |   |              |
| Listed equity securities   | 54,360,381  | -   | 9,960   | 54,370,341   |
| 2019   |   |   |   |              |
| <u>Financial assets at fair value<br/>through profit or loss</u> |   |   |   |              |
| Listed equity securities   | 43,845,679  | -   | 31,100  | 43,876,779   |

Transfers between Level 1 and Level 2

As at 31 December 2020 and 2019, there was no transfer between Level 1 and Level 2

Transfers between Level 2 and Level 3

As at 31 December 2020 and 2019, there was no transfer between Level 2 and Level 3

Transfers between Level 1 and Level 3

As at 31 December 2020, 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 Southern Energy Holdings Group Limited (stock code: 1573) and Agritrade Resources Limited (stock code: 1131). Also, the Sub-Fund transferred one listed equity security, namely China Ding Yi Feng Holdings Limited (stock code: 612), out from Level 3 following the resumption of trading of the investment.

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), MH Development Limited (formerly known as 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.

The listed equity securities were suspended from trading as at 31 December 2020 and were still suspended from trading during the period between the end of the reporting period as at 31 December 2020 and the date of authorisation of the Sub-Fund's financial statements for the year ended 31 December 2020.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2020

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

|   | Transfer from<br>Level 1 to Level 3<br>2020<br>HKD | 2019<br>HKD |
|---|--|-------------|
| Financial assets at fair value through profit or loss<br>- Listed equity securities | 9,960  | 31,100      |

Quantitative information of significant unobservable inputs - Level 3

| Description             | HKD    | Valuation technique             | Unobservable input                           |
|-------------------------|--------|---------------------------------|--|
| <b>31 December 2020</b> |        |                                 |  |
| - Equity securities     | 9,960  | Market approach<br>Adjusted NAV | Liquidity discount<br>(-50%)<br>Adjusted NAV |
| <b>31 December 2019</b> |        |                                 |  |
| - Equity securities     | 31,100 | Market approach<br>Adjusted NAV | Liquidity discount<br>(-74%)<br>Adjusted NAV |

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 2020 and 31 December 2019 are shown below:

**As at 31 December 2020**

|                     | Input              | Change in<br>the liquidity<br>discount | Effect on the<br>fair value of<br>investment<br>HKD | Effect on the<br>net assets<br>attributable to<br>unitholders<br>HKD |
|---------------------|--------------------|--|---|--|
| Equity securities   |                    |  |   |  |
| - Equity investment | Liquidity discount | 5%                                     | (996)   | (996)  |
|                     | Liquidity discount | (5%)                                   | 996   | 996  |

**As at 31 December 2019**

|                     |                    |      |         |         |
|---------------------|--------------------|------|---------|---------|
| Equity securities   |                    |      |         |         |
| - Equity investment | Liquidity discount | 5%   | (4,046) | (4,046) |
|                     | Liquidity discount | (5%) | 4,046   | 4,046   |



NOTES TO FINANCIAL STATEMENTS

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12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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<br>through profit or loss |                |
|--|--|----------------|
|  | Equity securities  |                |
|  | 2020<br>HKD  | 2019<br>HKD    |
| Opening balance  | 31,100   | 535,474        |
| Transfer into Level 3  | 9,960  | 31,100         |
| Total gains in profit or loss  | 106,459  | 170,996        |
| Sales  | (137,559)  | (706,470)      |
| Closing balance  | <u>9,960</u>   | <u>31,100</u>  |
| Total gains for the year included in the net change in unrealised gains on financial assets at fair value through profit or loss | <u>106,459</u>   | <u>170,996</u> |

13. THE REDEEMABLE UNITS

|  | 2020<br>Units           | 2019<br>Units           |
|--|-------------------------|-------------------------|
| Number of units at the beginning of the year | <u>2,000,000</u>        | <u>2,000,000</u>        |
| Number of units at the end of the year       | <u><u>2,000,000</u></u> | <u><u>2,000,000</u></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 aggregation of a specified number of application units ("Application Unit"). Units are redeemable only in an Application Unit or the multiple thereof at the dealing net assets value. Currently, creation and redemption of units will be effected in securities and/or cash.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

13. THE REDEEMABLE UNITS (continued)

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:

|   | 2020<br>HKD       | 2019<br>HKD       |
|---|-------------------|-------------------|
| Published net assets attributable to unitholders (Note) | 55,027,557        | 44,535,106        |
| Recognition of preliminary expense                      | -                 | ( 242,478)        |
| Net assets attributable to unitholders (per IFRSs)      | <u>55,027,557</u> | <u>44,292,628</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 for the net assets attributable to unitholders per IFRSs, the preliminary expenses had to be deducted as they were incurred in the inception year. There was no unamortised amount (2019: HKD242,478) and remaining period (2019: 10 months) as at 31 December 2020.

|  | 2020<br>HKD    | 2019<br>HKD    |
|--|----------------|----------------|
| Published net assets per unit                  | 27.5138        | 22.2676        |
| Net assets per unit (per financial statements) | <u>27.5138</u> | <u>22.1463</u> |

14. 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 asset value.

The SFC Code allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund's net 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.

## NOTES TO FINANCIAL STATEMENTS

31 December 2020

### 14. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (continued)

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 2020 and 31 December 2019.

### 15. 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.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(a) Market risk (continued)

(i) Equity price risk (continued)

As at 31 December 2020 and 31 December 2019, the Sub-Fund's investments were concentrated in the following industries.

|                                     | 2020              |                            | 2019              |                            |
|-------------------------------------|-------------------|----------------------------|-------------------|----------------------------|
|                                     | Fair value<br>HKD | % of net<br>asset<br>value | Fair value<br>HKD | % of net<br>asset<br>value |
| <b>Share holdings<br/>by sector</b> |                   |                            |                   |                            |
| Basic materials                     | 4,776,004         | 8.69%                      | 3,506,625         | 7.92%                      |
| Communications                      | 1,747,518         | 3.18%                      | 3,032,370         | 6.83%                      |
| Consumer, cyclical                  | 7,780,282         | 14.15%                     | 3,606,208         | 8.13%                      |
| Consumer, non-cyclical              | 11,842,268        | 21.52%                     | 11,508,674        | 25.99%                     |
| Energy                              | 2,836,468         | 5.16%                      | 1,624,574         | 3.67%                      |
| Financial                           | 10,287,675        | 18.69%                     | 8,113,988         | 18.32%                     |
| Industrial                          | 8,878,447         | 16.12%                     | 8,801,002         | 19.87%                     |
| Technology                          | 6,099,679         | 11.08%                     | 2,713,306         | 6.13%                      |
| Utilities                           | 122,000           | 0.22%                      | 970,032           | 2.20%                      |
|                                     | <u>54,370,341</u> | <u>98.81%</u>              | <u>43,876,779</u> | <u>99.06%</u>              |

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

As at 31 December 2020, 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 increase by approximately HKD2,718,517 (2019: HKD2,193,839). Conversely, if the Index was to decrease by 5%, the operating profit for the period would decrease 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(a) Market risk (continued)

(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% (2019: 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.

(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 2020, the total of cash and cash equivalents and dividend receivables was HKD1,088,112 on which no loss allowance had been provided (2019: total of HKD803,499 on which no loss allowance had been provided). 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, and 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(b) Credit and counterparty risk (continued)

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

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: cash and cash equivalents 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.

**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:

|  | HKD        | Credit<br>rating | Source of<br>credit rating |
|--|------------|------------------|----------------------------|
| As at 31 December 2020                           |            |                  |                            |
| <u>Custodian</u>                                 |            |                  |                            |
| HSBC Institutional Trust Services (Asia) Limited | 54,370,341 | AA-              | S&P                        |
| As at 31 December 2019                           |            |                  |                            |
| <u>Custodian</u>                                 |            |                  |                            |
| HSBC Institutional Trust Services (Asia) Limited | 43,876,779 | A+               | S&P                        |

The Manager of the Sub-Fund considers that none of these assets were impaired nor past due as at 31 December 2020.

(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 asset value per unit at the time of redemption, calculated in accordance with the Sub-Fund's Trust Deed. It is the Sub-Fund's policy that the Manager monitors the Sub-Fund's liquidity position on a daily basis.

NOTES TO FINANCIAL STATEMENTS

31 December 2020

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(c) Liquidity risk (continued)

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

Financial liabilities

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

Financial assets

Analysis of 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<br>HKD'000 | Less than 1 month<br>HKD'000 | 1 to 3 months<br>HKD'000 | 4 to 12 months<br>HKD'000 | (Note)<br>No term<br>HKD'000 | Total<br>HKD'000 |
|---|----------------------|------------------------------|--------------------------|---------------------------|------------------------------|------------------|
| As at 31 December 2020                                |                      |                              |                          |                           |                              |                  |
| <u>Financial assets</u>                               |                      |                              |                          |                           |                              |                  |
| Financial assets at fair value through profit or loss | -                    | 54,360                       | -                        | -                         | 10                           | 54,370           |
| Dividend receivables                                  | -                    | 10                           | -                        | -                         | -                            | 10               |
| Cash and cash equivalents                             | 1,078                | -                            | -                        | -                         | -                            | 1,078            |
| Total   | 1,078                | 54,370                       | -                        | -                         | 10                           | 55,458           |
| <u>Financial liabilities</u>                          |                      |                              |                          |                           |                              |                  |
| Management fee payable                                | -                    | 22                           | -                        | -                         | -                            | 22               |
| Trustee and registrar fees payable                    | -                    | 51                           | -                        | -                         | -                            | 51               |
| Other payables and accruals                           | -                    | 137                          | -                        | 221                       | -                            | 358              |
| Total   | -                    | 210                          | -                        | 221                       | -                            | 431              |

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF  
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NOTES TO FINANCIAL STATEMENTS

31 December 2020

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(c) Liquidity risk (continued)

|   | On demand<br>HKD'000 | Less than 1 month<br>HKD'000 | 1 to 3 months<br>HKD'000 | 4 to 12 months<br>HKD'000 | (Note)<br>No term<br>HKD'000 | Total<br>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              |
| <b>Total</b>  | <b>742</b>           | <b>43,908</b>                | <b>-</b>                 | <b>-</b>                  | <b>31</b>                    | <b>44,681</b>    |
| <u>Financial liabilities</u>                          |                      |                              |                          |                           |                              |                  |
| Management fee payable                                | -                    | 19                           | -                        | -                         | -                            | 19               |
| Trustee and registrar fees payable                    | -                    | 53                           | -                        | -                         | -                            | 53               |
| Other payables and accruals                           | -                    | 97                           | -                        | 251                       | -                            | 348              |
| <b>Total</b>  | <b>-</b>             | <b>169</b>                   | <b>-</b>                 | <b>251</b>                | <b>-</b>                     | <b>420</b>       |

Note:

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

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.

16. 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 the 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.



## NOTES TO FINANCIAL STATEMENTS

31 December 2020

### 16. SEGMENT INFORMATION (continued)

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.

### 17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 26 March 2021.

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

INVESTMENT PORTFOLIO

As at 31 December 2020

| <b>Listed equities</b>                                 | <b>Holdings<br/>Shares</b> | <b>Market Value<br/>HKD</b> | <b>% of NAV</b> |
|--|----------------------------|-----------------------------|-----------------|
| <b><u>Hong Kong</u></b>                                |                            |                             |                 |
| <b>Basic Materials</b>                                 |                            |                             |                 |
| Aluminum Corp of China Ltd                             | 296,000                    | 811,040                     | 1.47            |
| China Risun Group Ltd                                  | 79,000                     | 218,040                     | 0.40            |
| Dongyue Group Ltd                                      | 89,700                     | 551,655                     | 1.00            |
| Huabao International Holdings Ltd                      | 70,000                     | 747,600                     | 1.36            |
| Shandong Gold Mining Co Ltd                            | 47,300                     | 846,670                     | 1.54            |
| Sinofert Holdings Ltd                                  | 163,700                    | 124,412                     | 0.23            |
| Sinopec Shanghai Petrochemical Co Ltd                  | 236,000                    | 389,400                     | 0.71            |
| Tiangong International Co Ltd                          | 78,000                     | 269,880                     | 0.49            |
| Zhaojin Mining Industry Co Ltd                         | 88,549                     | 817,307                     | 1.49            |
| <b>Communications</b>                                  |                            |                             |                 |
| CITIC Telecom International Holdings Ltd               | 124,200                    | 303,048                     | 0.55            |
| Comba Telecom Systems Holdings Ltd                     | 144,000                    | 325,440                     | 0.59            |
| FIH Mobile Ltd   | 255,000                    | 242,250                     | 0.44            |
| Hengten Networks Group Ltd                             | 1,684,000                  | 446,260                     | 0.81            |
| Hutchison Telecommunications Hong Kong Holdings Ltd    | 112,000                    | 129,920                     | 0.24            |
| Meitu Inc  | 134,000                    | 192,960                     | 0.35            |
| Smartone Telecommunications Holdings Ltd               | 26,000                     | 107,640                     | 0.20            |
| <b>Consumer, Cyclical</b>                              |                            |                             |                 |
| China First Capital Group Ltd                          | 312,000                    | 36,504                      | 0.07            |
| China Harmony New Energy Auto Holdings Ltd             | 61,000                     | 225,090                     | 0.41            |
| China Lilang Ltd                                       | 37,000                     | 195,730                     | 0.36            |
| China Meidong Auto Holdings Ltd                        | 42,000                     | 1,323,000                   | 2.40            |
| China Travel International Investment Hong Kong Ltd    | 172,000                    | 182,320                     | 0.33            |
| Chow Sang Sang   | 29,000                     | 255,200                     | 0.46            |
| Citychamp Watch & Jewellery                            | 118,500                    | 202,635                     | 0.37            |
| Digital China Holdings Ltd                             | 57,000                     | 362,520                     | 0.66            |
| Jiumaojiu International Holdings Ltd                   | 44,000                     | 1,038,400                   | 1.89            |
| JNBY Design Ltd  | 11,500                     | 103,500                     | 0.19            |
| Mulsanne Group Holding Ltd                             | 19,000                     | 93,860                      | 0.17            |
| Pacific Textiles Holdings Ltd                          | 80,000                     | 407,200                     | 0.74            |
| Skyworth Group Ltd                                     | 114,000                    | 246,240                     | 0.45            |
| SunCity Group Holdings Ltd                             | 160,000                    | 110,400                     | 0.20            |
| TCL Multimedia Technology Holdings Ltd                 | 64,000                     | 371,840                     | 0.68            |
| Texhong Textile Group Ltd                              | 21,600                     | 143,640                     | 0.26            |
| Xiabuxiabu Catering Management (China) Holdings Co Ltd | 49,000                     | 866,320                     | 1.57            |
| Xtep International Holdings                            | 94,657                     | 366,323                     | 0.67            |
| Yadea Group Holdings Ltd                               | 78,000                     | 1,249,560                   | 2.27            |

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

As at 31 December 2020

| Listed equities (continued)                    | Holdings<br>Shares | Market Value<br>HKD | % of NAV |
|--|--------------------|---------------------|----------|
| <b><u>Hong Kong</u></b> (continued)            |                    |                     |          |
| <b>Consumer, Non-cyclical</b>                  |                    |                     |          |
| AK Medical Holdings Ltd                        | 42,000             | 565,320             | 1.03     |
| Beijing Tong Ren Tang Chinese Medicine Co Ltd  | 19,000             | 154,850             | 0.28     |
| China Kepei Education Group Ltd                | 54,000             | 291,600             | 0.53     |
| China Maple Leaf Educational Systems Ltd       | 116,600            | 237,864             | 0.43     |
| China Modern Dairy Holdings Ltd                | 124,000            | 230,640             | 0.42     |
| China New Higher Education Group Ltd           | 59,700             | 287,754             | 0.52     |
| China Resources Medical Holdings Co Ltd        | 63,500             | 422,910             | 0.77     |
| China Shineway Pharmaceutical Group Ltd        | 22,900             | 121,599             | 0.22     |
| China Tobacco International HK Co Ltd          | 16,000             | 237,760             | 0.43     |
| C-Mer Eye Care Holdings Ltd                    | 34,000             | 195,160             | 0.35     |
| COFCO Meat Holdings Ltd                        | 132,000            | 355,080             | 0.65     |
| Frontage Holdings Corp                         | 62,000             | 264,120             | 0.48     |
| Fu Shou Yuan International                     | 103,900            | 756,392             | 1.37     |
| Guangzhou Pharmaceutical Holdings Co Ltd       | 14,000             | 266,280             | 0.48     |
| Hope Education Group Co Ltd                    | 190,000            | 410,400             | 0.75     |
| Lifetech Scientific Corp                       | 245,369            | 1,091,892           | 1.98     |
| Livzon Pharmaceutical Group Inc                | 12,379             | 371,989             | 0.68     |
| Minsheng Education Group Co Ltd                | 82,400             | 93,112              | 0.17     |
| Nissin Foods Co Ltd                            | 25,000             | 159,500             | 0.29     |
| Pharmaron Beijing Co Ltd                       | 9,600              | 1,257,600           | 2.29     |
| Shenzhen Expressway Co Ltd                     | 53,000             | 386,900             | 0.70     |
| Tianli Education International Holdings Ltd    | 86,000             | 701,760             | 1.28     |
| United Laboratories Ltd                        | 75,800             | 416,900             | 0.76     |
| VIVA Biotech Holdings Ltd                      | 50,000             | 457,000             | 0.83     |
| Wisdom Education International Holdings Co Ltd | 58,000             | 219,240             | 0.40     |
| Yeahka Ltd                                     | 16,000             | 601,600             | 1.09     |
| YiChang HEC ChangJiang Pharmaceutical Co Ltd   | 20,200             | 178,366             | 0.32     |
| Yuexiu Transport Infrastructure Ltd            | 76,000             | 401,280             | 0.73     |
| Zhejiang Expressway Co Ltd                     | 108,000            | 707,400             | 1.29     |
| <b>Energy</b>                                  |                    |                     |          |
| Agritrade Resources Ltd                        | 240,000            | 9,960               | 0.02     |
| Canvest Environmental Protection               | 47,200             | 156,704             | 0.28     |
| China Everbright Greentech Ltd                 | 55,700             | 190,494             | 0.35     |
| China Tian Lun Gas Holdings Ltd                | 39,000             | 291,330             | 0.53     |
| Cimc Enric Holdings Ltd                        | 54,000             | 250,560             | 0.46     |
| GCL-Poly Energy Holdings Ltd                   | 1,114,000          | 1,370,220           | 2.49     |
| Sinopec Engineering Group Co Ltd               | 110,000            | 367,400             | 0.67     |
| Sinopec Kantons Holdings Ltd                   | 74,000             | 199,800             | 0.36     |
| Southern Energy Holdings Group Ltd             | 54,000             | -                   | -        |

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INVESTMENT PORTFOLIO (continued)

As at 31 December 2020

| Listed equities (continued)                          | Holdings<br>Shares | Market Value<br>HKD | % of NAV |
|--|--------------------|---------------------|----------|
| <b><u>Hong Kong</u></b> (continued)                  |                    |                     |          |
| <b>Financial</b>                                     |                    |                     |          |
| A Living Smart City Services Co Ltd                  | 35,250             | 1,212,600           | 2.20     |
| C&D International Investment Group Ltd               | 27,000             | 324,000             | 0.59     |
| C&D Property management group Co Ltd                 | 27,000             | 83,700              | 0.15     |
| Central China New Life Ltd                           | 34,000             | 224,400             | 0.41     |
| China Logistics Property Holdings Co Ltd             | 50,000             | 227,000             | 0.41     |
| China Overseas Grand Oceans Group Ltd                | 129,100            | 537,056             | 0.98     |
| China SCE Group Holdings Ltd                         | 143,400            | 458,880             | 0.83     |
| Colour Life Services Group                           | 38,000             | 132,240             | 0.24     |
| CSC Financial Co Ltd H Shares                        | 61,700             | 635,510             | 1.16     |
| Dah Sing Financial Holdings Ltd                      | 13,600             | 297,160             | 0.54     |
| E-House China Enterprise Holdings Ltd                | 52,800             | 375,408             | 0.68     |
| Ever Sunshine Lifestyle Services Group Ltd           | 56,000             | 953,120             | 1.73     |
| Fantasia Holdings Group Co Ltd                       | 112,200            | 151,470             | 0.28     |
| Genertec Universal Medical Group Co Ltd              | 84,000             | 486,360             | 0.88     |
| Glory Sun Financial Group Ltd                        | 472,000            | 155,760             | 0.28     |
| Greenland Hong Kong Holdings Ltd                     | 66,600             | 155,178             | 0.28     |
| Guorui Properties Ltd                                | 86,000             | 66,220              | 0.12     |
| Huijing Holdings Co Ltd                              | 82,000             | 167,280             | 0.30     |
| Kasen International Holdings Ltd                     | 56,000             | 40,880              | 0.07     |
| Lvgem China Real Estate Investment Co Ltd            | 98,000             | 228,340             | 0.42     |
| Poly Property Services Co Ltd                        | 11,000             | 672,100             | 1.22     |
| Powerlong Commercial management Holdings Ltd         | 14,000             | 347,200             | 0.63     |
| Redco Group  | 79,600             | 230,840             | 0.42     |
| Redsun Properties Group Ltd                          | 77,000             | 207,900             | 0.38     |
| Road King Infrastructure Ltd                         | 17,000             | 168,300             | 0.31     |
| Sheng Ye Capital Ltd                                 | 31,500             | 190,575             | 0.35     |
| Shun Tak Holdings Ltd                                | 102,000            | 241,740             | 0.44     |
| Sinic Holdings Group Co Ltd                          | 69,000             | 282,900             | 0.51     |
| Skyfame Realty Holdings Ltd                          | 184,000            | 182,160             | 0.33     |
| Times Neighborhood Holdings Ltd                      | 41,000             | 297,660             | 0.54     |
| Value Partners Group Ltd                             | 91,000             | 372,190             | 0.68     |
| Zhuguang Holdings Group Co Ltd                       | 168,100            | 181,548             | 0.33     |
| <b>Industrial</b>                                    |                    |                     |          |
| Asia Cement China Holdings Corp                      | 36,500             | 258,055             | 0.47     |
| China Aircraft Leasing Group                         | 18,300             | 122,610             | 0.22     |
| China High Speed Transmission Equipment Group Co Ltd | 38,000             | 288,800             | 0.52     |
| China Railway Signal & Communication Corp            | 122,000            | 317,200             | 0.58     |
| China Water Affairs Group Ltd                        | 66,300             | 401,778             | 0.73     |
| COSCO Shipping Holdings Co Ltd H Shares              | 194,500            | 1,808,850           | 3.29     |
| CT Environmental Group Ltd                           | 238,000            | -                   | -        |

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

As at 31 December 2020

| Listed equities (continued)                           | Holdings<br>Shares | Market Value<br>HKD | % of NAV |
|---|--------------------|---------------------|----------|
| <b>Hong Kong</b> (continued)                          |                    |                     |          |
| <b>Industrial</b> (continued)                         |                    |                     |          |
| Lonking Holdings Ltd                                  | 145,400            | 348,960             | 0.63     |
| Pacific Basin Shipping Ltd                            | 360,400            | 526,184             | 0.96     |
| Q Technology Group Company Ltd                        | 35,000             | 459,900             | 0.84     |
| Realord Group Holdings Ltd                            | 32,900             | 147,063             | 0.27     |
| Sany Heavy Equipment International Holdings Co Ltd    | 82,000             | 475,600             | 0.86     |
| Shanghai Electric Group Corp                          | 202,000            | 480,760             | 0.87     |
| Tianneng Power International Ltd                      | 55,400             | 1,035,980           | 1.88     |
| Vpower Group International Holdings Ltd               | 50,000             | 134,000             | 0.24     |
| West China Cement Ltd                                 | 168,021            | 193,224             | 0.35     |
| Xinjiang Goldwind Sci & Tech                          | 58,316             | 908,563             | 1.65     |
| Zoomlion Heavy Industry Science and Technology Co Ltd | 104,400            | 970,920             | 1.76     |
| <b>Technology</b>                                     |                    |                     |          |
| Asiainfo Technologies Ltd                             | 24,800             | 276,272             | 0.50     |
| Camsing International Holding Ltd                     | 40,000             | -                   | -        |
| Chinasoft International Ltd                           | 173,003            | 1,496,476           | 2.72     |
| CMGE Technology Group Ltd                             | 114,000            | 314,640             | 0.57     |
| iDreamSky Technology Holdings Ltd                     | 47,600             | 195,160             | 0.35     |
| IGG Inc   | 69,776             | 566,581             | 1.03     |
| Mobvista Inc  | 29,000             | 139,780             | 0.25     |
| Netdragon Websoft Holdings Ltd                        | 13,000             | 225,940             | 0.41     |
| VSTECs Holdings Ltd                                   | 50,000             | 318,000             | 0.58     |
| Weimob Inc  | 127,000            | 1,770,380           | 3.22     |
| XD Inc  | 17,000             | 796,450             | 1.45     |
| <b>Utilities</b>                                      |                    |                     |          |
| CGN New Energy Holdings Co Ltd                        | 100,000            | 122,000             | 0.22     |
| <b>Unlisted equities</b>                              |                    |                     |          |
| <b>Consumer, Cyclical</b>                             |                    |                     |          |
| Fuguiniao Co Ltd                                      | 93,800             | -                   | -        |
| SMI Holdings Ltd                                      | 89,060             | -                   | -        |
| <b>Consumer, Non-cyclical</b>                         |                    |                     |          |
| China Huiyuan Juice Group Ltd                         | 51,300             | -                   | -        |
| Hua Han Health Industry Holding Co Ltd                | 849,100            | -                   | -        |
| Total investments, at fair value                      |                    | 54,370,341          | 98.81    |
| Total investments, at cost                            |                    | 49,283,394          |          |

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MOVEMENTS IN INVESTMENT PORTFOLIO

Year ended 31 December 2020

| Listed equities   | Holdings                   | Additions | Disposals | Corporate actions | Holdings                     |
|---|----------------------------|-----------|-----------|-------------------|------------------------------|
|   | as at<br>1 January<br>2020 |           |           |                   | as at 31<br>December<br>2020 |
| <b>Hong Kong</b>  |                            |           |           |                   |                              |
| 51 Credit Card Inc  | 23,000                     | -         | (23,000)  | -                 | -                            |
| A Living Smart City Services Co Ltd                       | -                          | 37,250    | (2,000)   | -                 | 35,250                       |
| Agritrade Resources Ltd                                   | 280,000                    | -         | (40,000)  | -                 | 240,000                      |
| AK Medical Holdings Ltd                                   | -                          | 46,000    | (4,000)   | -                 | 42,000                       |
| Aluminum Corp of China Ltd                                | -                          | 306,000   | (10,000)  | -                 | 296,000                      |
| Angang Steel Co Ltd                                       | 132,650                    | -         | (132,650) | -                 | -                            |
| Asia Cement China Holdings Corp                           | 44,500                     | -         | (8,000)   | -                 | 36,500                       |
| Asiainfo Technologies Ltd                                 | -                          | 24,800    | -         | -                 | 24,800                       |
| Bank Of Chongqing Co Ltd                                  | 61,300                     | -         | (61,300)  | -                 | -                            |
| BBMG Corp   | 208,954                    | -         | (208,954) | -                 | -                            |
| Beijing Tong Ren Tang Chinese<br>Medicine Co Ltd          | 24,000                     | -         | (5,000)   | -                 | 19,000                       |
| C&D International Investment Group<br>Ltd                 | 26,000                     | 30,000    | (29,000)  | -                 | 27,000                       |
| C&D Property management group Co<br>Ltd                   | -                          | 27,000    | -         | -                 | 27,000                       |
| Camsing International Holding Ltd                         | 40,000                     | -         | -         | -                 | 40,000                       |
| Canvest Environmental Protection                          | 59,200                     | -         | (12,000)  | -                 | 47,200                       |
| Central China New Life Ltd                                | -                          | 34,000    | -         | -                 | 34,000                       |
| CGN New Energy Holdings Co Ltd                            | -                          | 100,000   | -         | -                 | 100,000                      |
| China Aircraft Leasing Group                              | 26,300                     | -         | (8,000)   | -                 | 18,300                       |
| China Ding Yi Feng Holdings Ltd                           | 88,000                     | -         | (88,000)  | -                 | -                            |
| China Everbright Greentech Ltd                            | 67,700                     | -         | (12,000)  | -                 | 55,700                       |
| China First Capital Group Ltd                             | -                          | 312,000   | -         | -                 | 312,000                      |
| CHINA Foods Ltd   | -                          | 70,000    | (70,000)  | -                 | -                            |
| China Grand Pharmaceutical And<br>Healthcare Holdings Ltd | 143,300                    | -         | (143,300) | -                 | -                            |
| China Harmony New Energy Auto<br>Holdings Ltd             | -                          | 61,000    | -         | -                 | 61,000                       |
| China High Speed Transmission<br>Equipment Group Co Ltd   | -                          | 41,000    | (3,000)   | -                 | 38,000                       |
| China Kepei Education Group Ltd                           | 68,000                     | -         | (14,000)  | -                 | 54,000                       |
| CHINA Lilang Ltd  | 45,000                     | -         | (8,000)   | -                 | 37,000                       |
| China Logistics Property Holdings Co<br>Ltd               | 63,000                     | -         | (13,000)  | -                 | 50,000                       |
| China Maple Leaf Educational Systems<br>Ltd               | 140,600                    | -         | (24,000)  | -                 | 116,600                      |
| China Meidong Auto Holdings Ltd                           | -                          | 44,000    | (2,000)   | -                 | 42,000                       |
| China Modern Dairy Holdings Ltd                           | -                          | 124,000   | -         | -                 | 124,000                      |
| China New Higher Education Group Ltd                      | 67,700                     | -         | (8,000)   | -                 | 59,700                       |

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

Year ended 31 December 2020

| Listed equities (continued)                         | Holdings<br>as at<br>1 January<br>2020 | Additions | Disposals | Corporate<br>actions | Holdings<br>as at 31<br>December<br>2020 |
|---|--|-----------|-----------|----------------------|--|
| <b>Hong Kong</b> (continued)                        |  |           |           |                      |  |
| China Overseas Grand Oceans Group Ltd               | 161,100                                | 3,000     | (35,000)  | -                    | 129,100                                  |
| China Overseas Property Holdings Ltd                | 122,200                                | 5,000     | (127,200) | -                    | -  |
| China Railway Signal & Communication Corp           | -                                      | 122,000   | -         | -                    | 122,000                                  |
| China Resources Medical Holdings Co Ltd             | 79,500                                 | -         | (16,000)  | -                    | 63,500                                   |
| China Risun Group Ltd                               | 99,000                                 | -         | (20,000)  | -                    | 79,000                                   |
| China SCE Group Holdings Ltd                        | 194,400                                | 14,000    | (65,000)  | -                    | 143,400                                  |
| China Shineway Pharmaceutical Group Ltd             | 27,900                                 | -         | (5,000)   | -                    | 22,900                                   |
| China South City Holdings Ltd                       | -                                      | 506,000   | (506,000) | -                    | -  |
| China Tian Lun Gas Holdings Ltd                     | 48,000                                 | -         | (9,000)   | -                    | 39,000                                   |
| China Tobacco International HK Co Ltd               | -                                      | 17,000    | (1,000)   | -                    | 16,000                                   |
| China Travel International Investment Hong Kong Ltd | -                                      | 184,000   | (12,000)  | -                    | 172,000                                  |
| China Water Affairs Group Ltd                       | 82,300                                 | -         | (16,000)  | -                    | 66,300                                   |
| China Yuhua Education Corp Ltd                      | 109,200                                | 2,000     | (111,200) | -                    | -  |
| China Zhengtong Auto Services Holdings Ltd          | -                                      | 92,000    | (92,000)  | -                    | -  |
| Chinasoft International Ltd                         | 215,003                                | 4,000     | (46,000)  | -                    | 173,003                                  |
| Chow Sang Sang                                      | -                                      | 29,000    | -         | -                    | 29,000                                   |
| CIMC Enric Holdings Ltd                             | -                                      | 54,000    | -         | -                    | 54,000                                   |
| CITIC Telecom International Holdings Ltd            | 155,200                                | -         | (31,000)  | -                    | 124,200                                  |
| Citychamp Watch & Jewellery                         | 148,500                                | -         | (30,000)  | -                    | 118,500                                  |
| C-Mer Eye Care Holdings Ltd                         | 36,000                                 | 4,000     | (6,000)   | -                    | 34,000                                   |
| CMGE Technology Group Ltd                           | -                                      | 126,000   | (12,000)  | -                    | 114,000                                  |
| COFCO Meat Holdings Ltd                             | -                                      | 146,000   | (14,000)  | -                    | 132,000                                  |
| Colour Life Services Group                          | 40,000                                 | 5,000     | (7,000)   | -                    | 38,000                                   |
| Comba Telecom Systems Holdings Ltd                  | -                                      | 148,000   | (4,000)   | -                    | 144,000                                  |
| Consun Pharmaceutical Group Ltd                     | 42,700                                 | -         | (42,700)  | -                    | -  |
| Cosco Shipping Energy Transportation Co Ltd         | 108,900                                | -         | (108,900) | -                    | -  |
| COSCO Shipping Holdings Co Ltd                      | 243,000                                | -         | (48,500)  | -                    | 194,500                                  |
| CSC Financial Co Ltd H Shares                       | 71,200                                 | 1,000     | (10,500)  | -                    | 61,700                                   |
| CT Environmental Group Ltd                          | 238,000                                | -         | -         | -                    | 238,000                                  |

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

Year ended 31 December 2020

| Listed equities (continued)                            | Holdings<br>as at<br>1 January<br>2020 | Additions | Disposals | Corporate<br>actions | Holdings<br>as at 31<br>December<br>2020 |
|--|--|-----------|-----------|----------------------|--|
| <b>Hong Kong</b> (continued)                           |  |           |           |                      |  |
| Dah Sing Financial Holdings Ltd                        | -                                      | 13,600    | -         | -                    | 13,600                                   |
| Datang International Power Generation<br>Co Ltd        | 286,900                                | -         | (286,900) | -                    | -  |
| Dexin China Holdings Co Ltd                            | 89,000                                 | -         | (89,000)  | -                    | -  |
| Digital China Holdings Ltd                             | -                                      | 61,000    | (4,000)   | -                    | 57,000                                   |
| Dongyue Group Ltd                                      | 109,700                                | -         | (20,000)  | -                    | 89,700                                   |
| E-House China Enterprise Holdings Ltd                  | -                                      | 52,800    | -         | -                    | 52,800                                   |
| Ever Sunshine Lifestyle Services<br>Group Ltd          | -                                      | 58,000    | (2,000)   | -                    | 56,000                                   |
| Fantasia Holdings Group Co Ltd                         | 140,700                                | -         | (28,500)  | -                    | 112,200                                  |
| FIH Mobile Ltd   | 309,000                                | -         | (54,000)  | -                    | 255,000                                  |
| Frontage Holdings Corp                                 | 76,000                                 | -         | (14,000)  | -                    | 62,000                                   |
| Fu Shou Yuan International                             | 105,900                                | 13,000    | (15,000)  | -                    | 103,900                                  |
| GCL New Energy Holdings Ltd                            | 556,300                                | -         | (556,300) | -                    | -  |
| GCL-Poly Energy Holdings Ltd                           | -                                      | 1,156,000 | (42,000)  | -                    | 1,114,000                                |
| Gemdale Properties & Investment Corp<br>Ltd            | 523,700                                | -         | (523,700) | -                    | -  |
| Genertec Universal Medical Group Co<br>Ltd             | 105,000                                | -         | (21,000)  | -                    | 84,000                                   |
| Glory Sun Financial Group Ltd                          | -                                      | 620,000   | (148,000) | -                    | 472,000                                  |
| Grand Baoxin Auto Group Ltd                            | 65,500                                 | -         | (65,500)  | -                    | -  |
| Greenland Hong Kong Holdings Ltd                       | 81,600                                 | -         | (15,000)  | -                    | 66,600                                   |
| Guangzhou Pharmaceutical Holdings<br>Co Ltd            | 18,000                                 | -         | (4,000)   | -                    | 14,000                                   |
| Guorui Properties Ltd                                  | 108,000                                | -         | (22,000)  | -                    | 86,000                                   |
| HC Group Inc   | 63,300                                 | -         | (63,300)  | -                    | -  |
| Hengten Networks Group Ltd                             | -                                      | 1,736,000 | (52,000)  | -                    | 1,684,000                                |
| HKBN Ltd   | 73,979                                 | 15,000    | (88,979)  | -                    | -  |
| Hope Education Group Co Ltd                            | 252,000                                | 8,000     | (70,000)  | -                    | 190,000                                  |
| Huabao International Holdings Ltd                      | -                                      | 72,000    | (2,000)   | -                    | 70,000                                   |
| Huadian Power International Corp Ltd                   | 153,600                                | -         | (153,600) | -                    | -  |
| Huijing Holdings Co Ltd                                | -                                      | 82,000    | -         | -                    | 82,000                                   |
| Hutchison Telecommunications Hong<br>Kong Holdings Ltd | -                                      | 112,000   | -         | -                    | 112,000                                  |
| iDreamSky Technology Holdings Ltd                      | 54,000                                 | 7,600     | (14,000)  | -                    | 47,600                                   |
| IGG Inc  | 88,776                                 | -         | (19,000)  | -                    | 69,776                                   |



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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

Year ended 31 December 2020

| Listed equities (continued)                           | Holdings<br>as at<br>1 January<br>2020 | Additions | Disposals | Corporate<br>actions | Holdings<br>as at 31<br>December<br>2020 |
|---|--|-----------|-----------|----------------------|--|
| <b>Hong Kong</b> (continued)                          |  |           |           |                      |  |
| IMAX China Holdings Inc                               | 11,900                                 | -         | (11,900)  | -                    | -  |
| Jinchuan Group International<br>Resources Co Ltd      | 307,000                                | -         | (307,000) | -                    | -  |
| Jiumaojiu International Holdings Ltd                  | -                                      | 45,000    | (1,000)   | -                    | 44,000                                   |
| JNBY Design Ltd                                       | 20,000                                 | -         | (8,500)   | -                    | 11,500                                   |
| Kasen International Holdings Ltd                      | 63,000                                 | -         | (7,000)   | -                    | 56,000                                   |
| Koolearn Technology Holdings Ltd                      | 26,500                                 | 5,500     | (32,000)  | -                    | -  |
| Leyou Technologies Holdings Ltd                       | 101,500                                | -         | (101,500) | -                    | -  |
| Lifetech Scientific Corp                              | 265,369                                | 16,000    | (36,000)  | -                    | 245,369                                  |
| Livzon Pharmaceutical Group Inc                       | 15,079                                 | -         | (2,700)   | -                    | 12,379                                   |
| Lonking Holdings Ltd                                  | 181,400                                | -         | (36,000)  | -                    | 145,400                                  |
| Lvgem China Real Estate Investment<br>Co Ltd          | -                                      | 98,000    | -         | -                    | 98,000                                   |
| Maanshan Iron & Steel Co Ltd                          | 163,100                                | -         | (163,100) | -                    | -  |
| Meitu Inc   | -                                      | 134,000   | -         | -                    | 134,000                                  |
| Metallurgical Corporation of China Ltd                | 270,500                                | -         | (270,500) | -                    | -  |
| Microport Scientific Corp                             | 68,600                                 | 10,000    | (78,600)  | -                    | -  |
| Minsheng Education Group Co Ltd                       | 74,400                                 | 16,000    | (8,000)   | -                    | 82,400                                   |
| Mobvista Inc  | -                                      | 36,000    | (7,000)   | -                    | 29,000                                   |
| Mulsanne Group Holding Ltd                            | -                                      | 19,000    | -         | -                    | 19,000                                   |
| Netdragon Websoft Holdings Ltd                        | 20,500                                 | -         | (7,500)   | -                    | 13,000                                   |
| Nissin Foods Co Ltd                                   | -                                      | 25,000    | -         | -                    | 25,000                                   |
| Orient Securities Co Ltd/China                        | 77,500                                 | -         | (77,500)  | -                    | -  |
| Pacific Basin Shipping Ltd                            | 438,400                                | -         | (78,000)  | -                    | 360,400                                  |
| Pacific Textiles Holdings Ltd                         | -                                      | 90,000    | (10,000)  | -                    | 80,000                                   |
| Pharmaron Beijing Co Ltd                              | -                                      | 9,900     | (300)     | -                    | 9,600                                    |
| Poly Property Services Co Ltd                         | -                                      | 11,000    | -         | -                    | 11,000                                   |
| Powerlong Commercial management<br>Holdings Ltd       | -                                      | 14,500    | (500)     | -                    | 14,000                                   |
| Q Technology Group Company Ltd                        | 38,000                                 | 3,000     | (6,000)   | -                    | 35,000                                   |
| Realord Group Holdings Ltd                            | 42,900                                 | -         | (10,000)  | -                    | 32,900                                   |
| Red Star Macalline Group Corp Ltd                     | 42,600                                 | -         | (42,600)  | -                    | -  |
| Redco Group   | 99,600                                 | -         | (20,000)  | -                    | 79,600                                   |
| Redsun Properties Group Ltd                           | 97,000                                 | -         | (20,000)  | -                    | 77,000                                   |
| Road King Infrastructure Ltd                          | -                                      | 22,000    | (5,000)   | -                    | 17,000                                   |
| Sa Sa International Holdings Ltd                      | -                                      | 104,000   | (104,000) | -                    | -  |
| Sany Heavy Equipment International<br>Holdings Co Ltd | 102,000                                | -         | (20,000)  | -                    | 82,000                                   |
| Shandong Gold Mining Co Ltd                           | 33,000                                 | 5,250     | (3,250)   | 12,300               | 47,300                                   |

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

Year ended 31 December 2020

| Listed equities (continued)                       | Holdings<br>as at<br>1 January<br>2020 | Additions | Disposals | Corporate<br>actions | Holdings<br>as at 31<br>December<br>2020 |
|---|--|-----------|-----------|----------------------|--|
| <b>Hong Kong</b> (continued)                      |  |           |           |                      |  |
| Shanghai Electric Group Corp                      | 252,000                                | -         | (50,000)  | -                    | 202,000                                  |
| Sheng Ye Capital Ltd                              | -                                      | 34,000    | (2,500)   | -                    | 31,500                                   |
| Shenzhen Expressway Co Ltd                        | 67,000                                 | 2,000     | (16,000)  | -                    | 53,000                                   |
| Shun Tak Holdings Ltd                             | 128,000                                | -         | (26,000)  | -                    | 102,000                                  |
| Sinic Holdings Group Co Ltd                       | -                                      | 73,000    | (4,000)   | -                    | 69,000                                   |
| Sinofert Holdings Ltd                             | 205,700                                | -         | (42,000)  | -                    | 163,700                                  |
| Sinopec Engineering Group Co Ltd                  | -                                      | 121,500   | (11,500)  | -                    | 110,000                                  |
| Sinopec Kantons Holdings Ltd                      | 96,000                                 | -         | (22,000)  | -                    | 74,000                                   |
| Sinopec Shanghai Petrochemical Co Ltd             | -                                      | 244,000   | (8,000)   | -                    | 236,000                                  |
| Sinotrans Ltd                                     | 201,700                                | -         | (201,700) | -                    | -  |
| Skyfame Realty Holdings Ltd                       | 232,000                                | -         | (48,000)  | -                    | 184,000                                  |
| Skyworth Group Ltd                                | 188,000                                | -         | (74,000)  | -                    | 114,000                                  |
| Smartone Telecommunications Holdings<br>Ltd       | 33,000                                 | -         | (7,000)   | -                    | 26,000                                   |
| Southern Energy Holdings Group Ltd                | 60,000                                 | -         | (6,000)   | -                    | 54,000                                   |
| SunCity Group Holdings Ltd                        | 190,000                                | -         | (30,000)  | -                    | 160,000                                  |
| TCL Multimedia Technology Holdings<br>Ltd         | 80,000                                 | -         | (16,000)  | -                    | 64,000                                   |
| Texhong Textile Group Ltd                         | 26,600                                 | -         | (5,000)   | -                    | 21,600                                   |
| Tiangong International Co Ltd                     | -                                      | 102,000   | (24,000)  | -                    | 78,000                                   |
| Tianli Education International Holdings<br>Ltd    | -                                      | 89,000    | (3,000)   | -                    | 86,000                                   |
| Tianneng Power International Ltd                  | 69,400                                 | -         | (14,000)  | -                    | 55,400                                   |
| Times Neighborhood Holdings Ltd                   | -                                      | 41,000    | -         | -                    | 41,000                                   |
| Tong Ren Tang Technologies Co Ltd                 | 55,900                                 | -         | (55,900)  | -                    | -  |
| Tongda Group Holdings Ltd                         | 410,000                                | -         | (410,000) | -                    | -  |
| Tysan Holdings Ltd                                | 47,100                                 | -         | (47,100)  | -                    | -  |
| United Laboratories Ltd                           | 63,800                                 | 30,000    | (18,000)  | -                    | 75,800                                   |
| Value Partners Group Ltd                          | -                                      | 99,000    | (8,000)   | -                    | 91,000                                   |
| VIVA Biotech Holdings Ltd                         | -                                      | 65,500    | (15,500)  | -                    | 50,000                                   |
| Vpower Group International Holdings Ltd           | -                                      | 50,000    | -         | -                    | 50,000                                   |
| VSTECS Holdings Ltd                               | 64,000                                 | -         | (14,000)  | -                    | 50,000                                   |
| Weimob Inc  | 139,000                                | 14,000    | (26,000)  | -                    | 127,000                                  |
| West China Cement Ltd                             | 212,021                                | -         | (44,000)  | -                    | 168,021                                  |
| Wisdom Education International<br>Holdings Co Ltd | 60,000                                 | 10,000    | (12,000)  | -                    | 58,000                                   |
| Wise Talent Information Technology Co<br>Ltd      | 14,600                                 | -         | (14,600)  | -                    | -  |

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

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

Year ended 31 December 2020

| Listed equities (continued)                               | Holdings<br>as at<br>1 January<br>2020 | Additions | Disposals | Corporate<br>actions | Holdings<br>as at 31<br>December<br>2020 |
|---|--|-----------|-----------|----------------------|--|
| <b>Hong Kong</b> (continued)                              |  |           |           |                      |  |
| WuXi AppTec Co Ltd  | 14,500                                 | 200       | (19,900)  | 5,200                | -  |
| XD Inc  | -                                      | 17,000    | -         | -                    | 17,000                                   |
| Xiabuxiabu Catering Management<br>(China) Holdings Co Ltd | 61,000                                 | 50,500    | (62,500)  | -                    | 49,000                                   |
| Xinjiang Goldwind Sci & Tech                              | 72,916                                 | -         | (14,600)  | -                    | 58,316                                   |
| Xinyi Energy Holdings Ltd                                 | 128,000                                | -         | (128,000) | -                    | -  |
| Xtep International Holdings                               | 117,657                                | -         | (23,000)  | -                    | 94,657                                   |
| Yadea Group Holdings Ltd                                  | 102,000                                | -         | (24,000)  | -                    | 78,000                                   |
| Yangtze Optical Fibre and Cable Joint<br>Stock Ltd Co Ltd | 17,200                                 | -         | (17,200)  | -                    | -  |
| Yeahka Ltd  | -                                      | 16,000    | -         | -                    | 16,000                                   |
| YiChang HEC ChangJiang<br>Pharmaceutical Co Ltd           | 12,600                                 | 2,400     | (6,600)   | 11,800               | 20,200                                   |
| Yuexiu Transport Infrastructure Ltd                       | 94,000                                 | -         | (18,000)  | -                    | 76,000                                   |
| Zhaojin Mining Industry Co Ltd                            | 99,049                                 | 6,500     | (17,000)  | -                    | 88,549                                   |
| Zhejiang Expressway Co Ltd                                | -                                      | 112,000   | (4,000)   | -                    | 108,000                                  |
| Zhuguang Holdings Group Co Ltd                            | 210,100                                | -         | (42,000)  | -                    | 168,100                                  |
| Zoomlion Heavy Industry Science and<br>Technology Co Ltd  | -                                      | 113,800   | (9,400)   | -                    | 104,400                                  |
| <b>Unlisted Securities</b>                                |  |           |           |                      |  |
| China Huiyuan Juice Group Ltd                             | 51,300                                 | -         | -         | -                    | 51,300                                   |
| Fuguiniao Co Ltd  | 93,800                                 | -         | -         | -                    | 93,800                                   |
| Hua Han Health Industry Holding Co Ltd                    | 849,100                                | -         | -         | -                    | 849,100                                  |
| SMI Holdings Ltd  | 89,060                                 | -         | -         | -                    | 89,060                                   |

ChinaAMC Hang Seng Stock Connect Hong Kong SmallCap Index ETF  
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PERFORMANCE RECORD

Year ended 31 December 2020

**1) Net asset value**

|                  | Net asset value per unit<br>HKD | Total net asset value<br>HKD |
|------------------|---------------------------------|------------------------------|
| As at:           |                                 |                              |
| 31 December 2020 | 27.5138                         | 55,027,557                   |
| 31 December 2019 | 22.1463                         | 44,292,628                   |
| 31 December 2018 | 21.9094                         | 43,818,893                   |

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

|  | Highest issue<br>unit price<br>HKD | Lowest redemption<br>unit price<br>HKD |
|--|------------------------------------|--|
| During the year/period ended:  |                                    |  |
| Year ended 31 December 2020  | 27.5138                            | 17.7681                                |
| Year ended 31 December 2019  | 26.0578                            | 20.6104                                |
| Year ended 31 December 2018  | 30.5382                            | 21.5651                                |
| Year ended 31 December 2017  | 26.9638                            | 21.8035                                |
| Period from 23 October 2015 (date of<br>inception) to 31 December 2016 | 25.1006                            | 18.9425                                |

**3) Comparison of the scheme performance and the actual Index performance <sup>1</sup>**

The table below illustrates the comparison between the Sub-Fund's performance (Market-to-Market) and that of the Index during the following year/period:

|                               | The Index | The<br>Sub-Fund |
|-------------------------------|-----------|-----------------|
| During the year/period ended: |           |                 |
| 31 December 2020              | 24.62%    | 28.13%          |
| 31 December 2019              | 4.97%     | -2.08%          |
| 31 December 2018              | -14.72%   | -14.62%         |
| 31 December 2017 <sup>2</sup> | 25.09%    | 20.76%          |
| 31 December 2016 <sup>3</sup> | -10.75%   | -16.53%         |

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

<sup>2</sup> The performance of the Sub-Fund prior to 3 March 2017 was 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.

<sup>3</sup> The first financial period of the Sub-Fund covered from 23 October 2015 (date of inception) to 31 December 2016.

