

ChinaAMC ESG OFC

ChinaAMC Asia ESG Bond Fund

Unaudited Semi-Annual Report

For the period from
9 February 2023 (date of inception) to 30 June 2023



华夏基金
ChinaAMC

UNAUDITED SEMI-ANNUAL REPORT

ChinaAMC ESG OFC

(A Hong Kong public umbrella open-ended fund company with variable capital, limited liability and segregated liability between sub-funds and authorised under Section 104 of the Securities and Futures Ordinance(Cap.571) of Hong Kong (the “SFO”)

ChinaAMC Asia ESG Bond Fund (A Sub-Fund of ChinaAMC ESG OFC)

For the period from 9 February 2023 (date of inception) to
30 June 2023

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

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IMPORTANT:

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the Sub-Fund, please refer to the prospectus of the Sub-Fund which is available at our website: (<https://www.chinaamc.com.hk/product/chinaamc-asia-esg-bond-fund/>)

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

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

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 Company

Gan Tian
Chow Hok Lim

Directors of the Manager

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

Registrar & Administrator

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

Custodian

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

Auditor

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

Legal Advisor

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

CHINAAMC ASIA ESG BOND FUND
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REPORT OF THE MANAGER TO THE SHAREHOLDERS

We are optimistic on the prospects of Asia's ESG bond market. Over the past few years, there has been a significant increase in investor interest and awareness regarding sustainable investing. This has led to a surge in the demand for ESG investment products, including bonds, in Asia. One of the main drivers of the growth in Asia's ESG bond market is the increasing recognition of the importance of sustainability and responsible investing by both governments and corporations in the region. Many Asian countries, including China, Japan, and South Korea, have set ambitious sustainability targets and are actively promoting the development of their green bond markets. To further support the growth of Asia's ESG bond market, regulatory frameworks and guidelines are being developed or enhanced. In China, for example, the PBoC and other regulatory authorities have issued guidelines to standardize green bond issuance and enhance disclosure requirements. These measures are aimed at ensuring transparency and promoting investor confidence in the market, creating a favorable environment for the growth of ESG bonds in the region.

Institutional investors are also increasingly incorporating ESG considerations into their investment strategies. This trend is expected to further fuel the demand for ESG bonds in Asia, and the market expects to see continued growth as institutional investors allocate a larger portion of their portfolios to sustainable investments. Furthermore, the COVID-19 pandemic has further accelerated the demand for ESG investments in Asia. The crisis has highlighted the importance of building resilient and sustainable economies and has underscored the need for companies to address environmental and social risks. As a result, investors are increasingly seeking investments that prioritize ESG factors, including bonds that support sustainable projects and initiatives.

In conclusion, the outlook for Asia's ESG bond market remains promising. The region's commitment to sustainability, coupled with increasing investor demand for ESG investments, is driving the growth of the market. As regulatory frameworks continue to evolve and institutional investors become more engaged in sustainable investing, the ESG bond market in Asia is expected to thrive.

CHINAAMC ASIA ESG BOND FUND
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STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2023

	30 June 2023 (Unaudited) USD
ASSETS	
Financial assets at fair value through profit or loss	5,712,415
Interest receivable	62,737
Amount due from the Manager	5,910
Amounts receivable on sale of investments	199,508
Margin deposits	40,988
Cash and cash equivalents	672,551
	<hr/>
TOTAL ASSETS	6,694,109
	<hr/> <hr/>
LIABILITIES	
Financial liabilities at fair value through profit or loss	2,523
Amounts payable on purchase of investments	649,342
Management fee payable	2,992
Administration fee payable	299
Other payables and accruals	79,370
TOTAL LIABILITIES	<hr/>
	734,526
	<hr/> <hr/>
EQUITY	
Net asset value attributable to shareholders	5,959,583
	<hr/> <hr/>
TOTAL LIABILITIES AND EQUITY	6,694,109
	<hr/> <hr/>
Number of shares in issue	598,466
	<hr/> <hr/>
Net asset value per share	9.9581
	<hr/> <hr/>

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period from 9 February 2023 (date of inception) to 30 June 2023

	Period from 9 February 2023 (date of inception) to 30 June 2023 (Unaudited) USD
INCOME	
Interest income from banks	4,876
Interest income from financial assets at fair value through profit or loss	102,678
Net losses on investments	(13,526)
Net gain on foreign exchange	(1,100)
Other income	10,160
	<u>103,088</u>
EXPENSES	
Management fee ²	(12,570)
Administration fee ¹	(1,257)
Safe custody and bank charges ¹	(258)
Formation costs	(106,410)
Auditor's remuneration	(8,677)
Other operating expenses ¹	(14,333)
	<u>(143,505)</u>
Decrease in net assets attributable to shareholders	<u>(40,417)</u>

¹ During the period from 9 February 2023 (date of inception) to 30 June 2023, administration fee and safe custody and bank charges incurred were paid to the Custodian or its connected person. Other respective amounts paid to the Custodian or its connected person were as follows:

	Period from 9 February 2023 (date of inception) to 30 June 2023 (Unaudited) USD
Other operating expenses	10,669

² During the period from 9 February 2023 (date of inception) to 30 June 2023, other than management fees that paid to the Manager, no other amounts paid to the Manager or its connected persons.

CHINAAMC ASIA ESG BOND FUND
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS
(UNAUDITED)

For the period from 9 February 2023 (date of inception) to 30 June 2023

	Period from 9 February 2023 (date of inception) to 30 June 2023 (Unaudited) USD
Balance at the beginning of the period	-
Issue of shares	6,000,000
Total comprehensive income	(40,417)
Balance at the end of the period	<u>5,959,583</u>
	Shares
Number of shares in issue at the beginning of the period	-
Number of shares issued during the period	<u>598,466</u>
Number of shares in issue at the end of the period	<u>598,466</u>

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

STATEMENT OF CASH FLOWS (UNAUDITED)

For the period from 9 February 2023 (date of inception) to 30 June 2023

	Period from 9 February 2023 (date of inception) to 30 June 2023 (Unaudited) USD
CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in net assets attributable to shareholders	(40,417)
Adjustments for:	
Interest income	(107,554)
	<hr/>
Operating loss before working capital changes	(147,971)
Increase in financial assets at fair value through profit or loss	(5,712,415)
Increase in margin deposits	(40,988)
Increase amounts receivable on sale of investments	(199,508)
Increase in amount due from the manager	(5,910)
Increase in financial liabilities at fair value through profit or loss	2,523
Increase in management fee payable	2,992
Net increase in amounts payable on purchase of investments	649,342
Net increase in administration fee payable	299
Increase in other payables and accruals	79,370
	<hr/>
Cash used in operations	(5,372,266)
Interest income received	44,817
	<hr/>
Net cash used in operating activities	(5,327,449)
	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of shares	6,000,000
	<hr/>
Net cash generated from financing activities	6,000,000
	<hr/>
INCREASE IN CASH AND CASH EQUIVALENTS	672,551
Cash and cash equivalents at the beginning of the period	-
	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	672,551
	<hr/> <hr/>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	
Cash at bank	672,551
	<hr/> <hr/>

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

ChinaAMC ESG OFC (the "Company") is a public umbrella open-ended fund company incorporated in Hong Kong on 1 November 2022 with variable capital and limited liability. As at 30 June 2023, the Company has one sub-fund which is ChinaAMC Asia ESG Bond Fund ("Sub-Fund"). The date of inception of ChinaAMC Asia ESG Bond Fund was 9 February 2023. The Company has been registered with the Securities and Futures Commission in Hong Kong (the "SFC") as an open-ended fund company under Section 112D of the Securities and Futures Ordinance of Hong Kong (the "SFO"). The Company and each Sub-Fund are authorised by the SFC in Hong Kong under Section 104 of the SFO and the Code on Unit Trusts and Mutual Funds (the "UT Code"), the Code on Open Ended Fund Companies and the "Overarching Principles" of the SFC Handbook for Unit Trusts and Mutual Funds, Investment-Linked Assurance Schemes and Unlisted Structured Investment Products for the purposes of giving information with regard to the Shares in each Sub-Fund.

The Sub-Fund aims to maximise income with investment consistent with the principles of environmental, social and governance ("ESG") and a focus in the Asia region.

For the avoidance of doubt, the Sub-Fund is not a guaranteed or capital protected product. There can be no assurance that the Sub-Fund will achieve its investment objective.

2.1 BASIS OF PREPARATION

The unaudited semi-annual 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 Custodian Agreement 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 US Dollars ("USD") and all values are rounded to the nearest USD except where otherwise indicated.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(i) Classification

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

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

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

CHINAAMC ASIA ESG BOND FUND
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NOTES TO FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Classification (continued)

Financial assets

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

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

(a) Financial assets measured at amortised cost

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The Sub-Fund includes in this category interest receivables, amount due from Manager and cash and cash equivalents.

(b) Financial assets measured at FVPL

A financial asset is measured at FVPL if:

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

The Sub-Fund includes in this category debt instruments which are irrevocably designated at initial recognition.

Financial liabilities

Financial liabilities measured at amortised cost include all financial liabilities. The Sub-Fund includes in this category management fee payable, custodian 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 financial 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.

CHINAAMC ASIA ESG BOND FUND
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NOTES TO FINANCIAL STATEMENTS

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 on financial assets at FVPL. Interest earned on these instruments is recorded separately in interest revenue.

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 a 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.

CHINAAMC ASIA ESG BOND FUND
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NOTES TO FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

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

The Sub-Fund uses the provision matrix as a practical expedient to measure 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.

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.

Fair value measurement

The Sub-Fund measures its investments in financial instruments, such as debt 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 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.

CHINAAMC ASIA ESG BOND FUND
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NOTES TO FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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, without any deduction for transaction costs.

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

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

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

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

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

Functional and presentation currency

The Sub-Fund's functional currency is USD, 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 USD. Moreover, the net asset value per share at the time of issue or redemption is determined and denominated in USD.

Therefore, the USD 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 USD.

CHINAAMC ASIA ESG BOND FUND
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NOTES TO FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

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.

Distributions to shareholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund's shareholders is accounted for as a deduction from net assets attributable to shareholders. 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.

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 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 when applicable.

Net change in unrealised (losses)/gains on financial assets at fair value through profit or loss

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

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

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

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

CHINAAMC ASIA ESG BOND FUND
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NOTES TO FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transaction fees

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

Formation costs

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

Revenue recognition

Interest income

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

Related parties

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

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

or

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

Taxes

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

CHINAAMC ASIA ESG BOND FUND
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NOTES TO FINANCIAL STATEMENTS

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable shares

Redeemable shares are classified as an equity instrument when:

- (a) the redeemable shares 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 shares are in the class of instruments that is subordinate to all other classes of instruments.
- (c) all redeemable shares in the class of instruments that is subordinate to all other classes of instruments have identical features.
- (d) the redeemable shares 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 shares over the life of the instrument are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

In addition to the redeemable shares 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 shareholders.

The Sub-Fund continuously assesses the classification of the redeemable shares. If the redeemable shares 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 shares 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 shares are accounted for as equity transactions.

Upon issuance of redeemable shares, 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.

CHINAAMC ASIA ESG BOND FUND
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INVESTMENT PORTFOLIO (UNAUDITED)
As at 30 June 2023

	Holdings	Fair value USD	% of Net Assets
Quoted Investments (95.75%)			
Quoted Bonds (95.75%)			
Australia (10.69%)			
Aust & Nz Banking Group Ser Regs (Reg S) Frn 03Jul2025	200,000	200,447	3.36
Aust & Nz Banking Grp Ny 5.375% 03Jul2025	250,000	249,799	4.19
Macquarie Group Ltd Ser Regs (Reg S) Var 21Jun2028	200,000	187,097	3.14
		637,343	10.69
Bermuda (4.33%)			
China Water Affairs Grp (Reg) (Reg S) 4.85% 18May2026	300,000	258,279	4.33
		258,279	4.33
Chile (3.38%)			
Inversiones Cmpc Sa Ser Regs (Reg S) 6.125% 23Jun2033	200,000	201,459	3.38
		201,459	3.38
China (32.98%)			
Baidu Inc (Reg) 3.875% 29Sep2023	300,000	298,565	5.01
Baidu Inc (Reg) 4.875% 14Nov2028	200,000	195,301	3.28
Bank Of China Ser Regs 5% 13Nov2024	200,000	197,373	3.31
Bluestar Fin Holdings (Reg) (Reg S) Var Perp 31Dec2049	200,000	193,909	3.25
Contemptry Ruidng Develop (Reg) (Reg S) 1.875% 17Sep2025	340,000	312,577	5.24
Greentown China Hldgs (Reg) (Reg S) 5.65% 13Jul2025	300,000	268,780	4.51
Lenovo Group Ltd Ser Regs (Reg S) 5.831% 27Jan2028	300,000	299,534	5.03
Taihu Pearl Oriental Co (Regs) 3.15% 30Jul2023	200,000	199,427	3.35
		1,965,466	32.98
Hong Kong (5.03%)			
Airport Authority Hk Ser Regs (Reg) (Reg S) 4.75% 12Jan2028	300,000	299,800	5.03
		299,800	5.03
India (8.14%)			
Diamond li Ltd Ser Regs (Reg S) 7.95% 28Jul2026	200,000	196,863	3.30
Greenko Wind Projects Mu Ser Regs (Reg S) 5.5% 06Apr2025	300,000	288,264	4.84
		485,127	8.14

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

INVESTMENT PORTFOLIO (UNAUDITED) (continued)
As at 30 June 2023

	Holdings	Fair value USD	% of Net Assets
Quoted Investments (95.75%) (continued)			
Quoted Bonds (95.75%) (continued)			
Japan (5.08%)			
Sumitomo Mitsui Tr Bk Lt Ser Regs (Reg S) 5.5% 09Mar2028	300,000	302,865	5.08
		<u>302,865</u>	<u>5.08</u>
Korea (6.67%)			
SK On Co Ltd (Reg) (Reg S) 5.375% 11May2026	400,000	397,417	6.67
		<u>397,417</u>	<u>6.67</u>
Singapore (12.76%)			
BOC Aviation Ltd Ser Gmtn (Reg) (Reg S) 2.75% 02Dec2023	200,000	197,298	3.31
DBS Group Holdings Ltd Ser Gmtn (Reg) (Reg S) Var Perp 31Dec2049	200,000	189,450	3.18
United Overseas Bank Ltd Ser Emtn (Reg) (Reg S) Var Perp 31Dec2049	200,000	197,697	3.32
United Overseas Bank Ltd Ser Regs (Reg) (Reg S) Var 14Oct2031	200,000	175,747	2.95
		<u>760,192</u>	<u>12.76</u>
United States (6.69%)			
Nextera Energy Capital (Reg) 6.051% 01Mar2025	200,000	200,846	3.37
Verizon Communications (Reg) 5.05% 09May2033	200,000	197,732	3.32
		<u>398,578</u>	<u>6.69</u>
Total bonds		5,706,526	95.75
Forward foreign exchange contracts		3,366	0.06
Total investments, at fair value		<u>5,709,892</u>	<u>95.81</u>
Other net assets		249,691	4.19
Net assets attributable to shareholders at 30 June 2023		<u>5,959,583</u>	<u>100.00</u>
Total investments, at cost		<u>5,754,446</u>	

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
For the period from 9 February 2023 (date of inception) to 30 June 2023

	% of holdings as at 30 June 2023
Quoted Investments	
Quoted Bonds	
Australia	10.69
Bermuda	4.33
Chile	3.38
China	32.98
Hong Kong	5.03
India	8.14
Japan	5.08
Korea	6.67
Singapore	12.76
United States	6.69
	<hr/>
Total quoted investments	95.75
	<hr/> <hr/>

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

The financial derivative instruments held by the Sub-Fund as at 30 June 2023 represent outstanding forward foreign exchange contracts and are summarised below:

Contract to deliver	In exchange for	Settlement date	Counterparty	Unrealised gains/(losses) USD
<u>As at 30 June 2023</u>				
<u>Open contracts:</u>				
CNH2,040,000	USD286,416	7 July 2023	Citibank N.A	5,889
			Total realised gains	5,889

USD283,050	CNH2,040,000	7 July 2023	Citibank N.A	(2,523)
			Total unrealised losses	(2,523)

			Net unrealised gains	3,366
				=====

CHINAAMC ASIA ESG BOND FUND
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PERFORMANCE RECORD (UNAUDITED)

For the period from 9 February 2023 (date of inception) to 30 June 2023

1. Net Asset Value

	Net asset value per share USD	Total net asset value USD
As at: 30 June 2023 (Unaudited)	9.9581	5,959,583

2. Highest issue and lowest redemption prices per share

	Highest issue share price USD	Lowest redemption share price USD
During the period ended: Period from 9 February 2023 (date of inception) to 30 June 2023	10.1867	9.9452

CHINAAMC ASIA ESG BOND FUND
(a Sub-Fund of ChinaAMC ESG OFC)

DISTRIBUTION DISCLOSURE (UNAUDITED)

For the period from 9 February 2023 (date of inception) to 30 June 2023

The Manager did not intend to pay or make any distributions or dividends during the period from 9 February 2023 (date of inception) to 30 June 2023.



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