

ChinaAMC Investment Trust
ChinaAMC China Focus Fund

Annual Report

For the year ended
31 December 2021



**CHINAAMC CHINA FOCUS FUND
– A SUB-FUND OF CHINAAMC INVESTMENT TRUST**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

**CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
FOR THE YEAR ENDED 31 DECEMBER 2021**

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CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

ADMINISTRATION AND MANAGEMENT

Manager

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

Directors of the Manager

Mr. Yang Minghui
Ms. Li Yimei
Mr. Gan Tian
Mr. Li Fung Ming

Trustee

Cititrust Limited
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

Auditor

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

Custodian and Administrator

Citibank N.A., Hong Kong Branch
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

Transfer Agent

Citicorp Financial Services Limited
9/F, Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Legal Counsel to the Manager

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

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

MANAGER'S REPORT

Market Review

2021 has been another subdued year for Hong Kong (HK) equity market, especially in the 2nd half of the year, we saw a series of regulatory policies implemented under the scope of “common prosperity” which unexpectedly shocked the market confidence in different sectors and companies. Education, property, healthcare are collectively so called “three mountains” as burden to household consumption, faced policy scrutiny which led to equity market confidence drawn. In addition, anti-trust in big internet names and data securities issues in some American Depository Receipts (ADRs) also mounted massive selling pressure. Overall the market started to see almost no rebound in 2nd half of 2021. Nevertheless, we saw some policy inflection in the 3rd quarter of fiscal report and also Central Economic Working Conference in December, which flagged some marginal relaxation and targeted policy easing in certain sectors. In particular, we saw continuously supportive policies towards new energy and renewables, advanced manufacturing and infrastructure, we also saw some increased monetary support such as reserve requirement ratio (RRR) cut and loan prime rate (LPR) cut for liquidity.

Our fund experienced, in the first 11 months, more than 10% outperformance in the first 11 months but saw a severe pullback in 21st December owing to property, health care and internet names being sold off.

Towards 2022, we are more positive towards the 2nd quarter onwards amid current confidence crisis in certain sectors. Although we saw policies started to turn more relaxed and easing measures took place, it takes time to restore confidence. We still saw some earning numbers in March to face downside revision, however, we believe valuation multiple may start to re-rate after policies take effect in real economy.

For sector allocation and strategy, we will allocate more on pro-policy cycle such as new energy, electric vehicle chain, advanced manufacturing, also stock picking on some deep value sector leaders.

China Asset Management (Hong Kong) Limited
29 March 2022

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
TRUSTEE'S REPORT TO UNITHOLDERS

We hereby confirm that, in our opinion, China Asset Management (Hong Kong) Limited in all material respects, managed ChinaAMC China Focus Fund – a sub-fund of ChinaAMC Investment Trust in accordance with the provisions of the Trust Deed dated 7 October 2010, as supplemented, amended and restated from time to time, for the year ended 31 December 2021.

For and on behalf of
Cititrust Limited

Trustee
29 March 2022

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
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 China Focus Fund (the "Sub-Fund"), a sub-fund of ChinaAMC Investment Trust (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 7 October 2010, as supplemented, amended and restated from time to time (the "Trust Deed") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the year then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are prudent and reasonable.

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 2021, the Trust has established three 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 year on the conduct of the Manager in the management of the Sub-Fund.

Independent Auditor’s Report

To the unitholders of ChinaAMC China Focus Fund (a sub-fund of ChinaAMC Investment Trust)

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of ChinaAMC China Focus Fund (the “Sub-Fund”), a sub-fund of ChinaAMC Investment Trust, which are set out on pages 8 to 30, comprise:

- the statement of financial position as at 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2021, 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Sub-Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the “IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The Trustee and the Manager (the “Management”) of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in 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 China Focus Fund (a sub-fund of ChinaAMC Investment Trust)

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is 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 Management determines 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 Management of the Sub-Fund is 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 Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 7 October 2010, as amended (the “Trust Deed”) and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the “SFC Code”).

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. We report our opinion 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 Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Management.

Independent Auditor's Report (Continued)

To the unitholders of ChinaAMC China Focus Fund (a sub-fund of ChinaAMC Investment Trust)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the Management'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 Management 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.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and 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 Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2022

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

(Expressed in United States dollars)

	Notes	2021	2020
Assets			
Cash and cash equivalents	8(g)	\$ 794,817	\$ 2,611,444
Financial assets at fair value through profit or loss	3, 10(a)	25,874,592	23,312,206
Amounts due from brokers		2,409,668	494,874
Subscription receivable		23,442	14,681
Dividend receivable		-	17,096
		<hr/>	<hr/>
Total assets		\$ 29,102,519	\$ 26,450,301
		<hr/>	<hr/>
Liabilities			
Amounts due to brokers		\$ 2,961,027	\$ 465,463
Redemption payable		225,165	947,784
Accruals and other payables		523,483	536,787
		<hr/>	<hr/>
Total liabilities (excluding net assets attributable to unitholders)		\$ 3,709,675	\$ 1,950,034
		<hr/>	<hr/>
Net assets attributable to unitholders	9(a)	\$ 25,392,844	\$ 24,500,267
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The notes on pages 13 to 30 are an integral part of these financial statements.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Expressed in United States dollars)

	Notes	2021	2020
Interest income	8(g)	\$ 642	\$ 2,485
Dividend income		693,399	628,865
Net gain on financial assets at fair value through profit or loss	5	52,408	6,582,648
Net foreign exchange (loss)/gain		(1,572)	12,702
Total income		<u>\$ 744,877</u>	<u>\$ 7,226,700</u>
Transaction costs	8(h)	\$ (1,684,371)	\$ (771,377)
Management fee	8(a)	(492,838)	(412,064)
Performance fee	8(b)	(358,988)	(270,596)
Administration fee	8(c)	(66,120)	(65,895)
Audit fee		(22,471)	(20,859)
Trustee fee	8(d)	(10,018)	(9,984)
Custodian fee	8(e)	(42,033)	(47,490)
Financial statements preparation fee	8(f)	(6,778)	(7,000)
Legal and professional fee		(1,188)	(2,054)
Bank charges	8(g)	(294)	(121)
Interest expense	8(g)	(7,963)	(346)
Others		(7,974)	(1,850)
Total operating expenses		<u>\$ (2,701,036)</u>	<u>\$ (1,609,636)</u>
(Loss)/profit before tax		<u>\$ (1,956,159)</u>	<u>\$ 5,617,064</u>
Withholding tax	4	(35,319)	(29,236)
(Decrease)/increase in net assets attributable to unitholders from operations for the year		<u>\$ (1,991,478)</u>	<u>\$ 5,587,828</u>

The notes on pages 13 to 30 are an integral part of these financial statements.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Expressed in United States dollars)

	2021	2020
Balance at the beginning of the year	\$ 24,500,267 -----	\$ 26,026,343 -----
Subscription	\$ 36,512,051	\$ 28,234,884
Redemption	(33,627,996) -----	(35,348,788) -----
Total transactions with unitholders	\$ 2,884,055 -----	\$ (7,113,904) -----
(Decrease)/increase in net assets attributable to unitholders from operations for the year	\$ (1,991,478) ----- -----	\$ 5,587,828 ----- -----
Balance at the end of the year	\$ 25,392,844 ----- -----	\$ 24,500,267 ----- -----

The notes on pages 13 to 30 are an integral part of these financial statements.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Number of units issued and redeemed

	Notes	2021				
		AUD units	EUR units	HKD units	SGD units	USD units
At 1 January 2021		9,394	4,094	1,216,410	48,067	1,270,251
Subscription of units during the year		-	227	349,409	-	1,942,900
Redemption of units during the year		-	-	(482,927)	-	(1,774,478)
At 31 December 2021	9(a)	<u>9,394</u>	<u>4,321</u>	<u>1,082,892</u>	<u>48,067</u>	<u>1,438,673</u>
		2020				
		AUD units	EUR units	HKD units	SGD units	USD units
At 1 January 2020		9,944	4,094	2,850,558	77,973	1,561,405
Subscription of units during the year		-	-	16,939	-	1,975,652
Redemption of units during the year		(550)	-	(1,651,087)	(29,906)	(2,266,806)
At 31 December 2020	9(a)	<u>9,394</u>	<u>4,094</u>	<u>1,216,410</u>	<u>48,067</u>	<u>1,270,251</u>

The notes on pages 13 to 30 are an integral part of these financial statements.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Expressed in United States dollars)

	Notes	2021	2020
Operating activities			
(Decrease)/increase in net assets attributable to unitholders from operations for the year		\$ (1,991,478)	\$ 5,587,828
Adjustments for:			
Interest income		(642)	(2,485)
Dividend income		(693,399)	(628,865)
Interest expense		7,963	346
Withholding tax	4	35,319	29,236
Operating (loss)/profit before changes in working capital		\$ (2,642,237)	\$ 4,986,060
(Increase)/decrease in financial assets at fair value through profit or loss		(2,562,386)	2,362,220
Increase in amounts due from brokers		(1,914,794)	(494,874)
Increase in amounts due to brokers		2,495,564	465,463
(Decrease)/increase in accruals and other payables		(13,304)	217,946
Interest received		642	2,485
Dividend received, net of withholding tax paid		675,176	582,533
Net cash (used in)/generated from operating activities		\$ (3,961,339)	\$ 8,121,833
Financing activities			
Proceeds from subscription of units		\$ 36,503,290	\$ 29,333,707
Payments on redemption of units		(34,350,615)	(35,500,049)
Interest paid		(7,963)	(346)
Net cash generated from/(used in) financing activities		\$ 2,144,712	\$ (6,166,688)
Net (decrease)/increase in cash and cash equivalents		\$ (1,816,627)	\$ 1,955,145
Cash and cash equivalents at the beginning of the year		\$ 2,611,444	\$ 656,299
Cash and cash equivalents at the end of the year	8(g)	\$ 794,817	\$ 2,611,444

The notes on pages 13 to 30 are an integral part of these financial statements.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

1 General Information

ChinaAMC China Focus Fund (the “Sub-Fund”) is a sub-fund of ChinaAMC Investment Trust (the “Trust”), which is an open-ended unit trust initially established as an exempted trust under the laws of the Cayman Islands pursuant to a trust deed dated 7 October 2010, as amended or supplemented from time to time and restated on 28 July 2017 (the “Trust Deed”), between Citigroup First Investment Management Limited (the “Former Manager”) and Cititrust (Cayman) Limited (the “Former Trustee”).

Redomicile of the Trust and the Sub-Fund

The Trust was initially established as an exempted trust under the laws of the Cayman Islands. With effect from 28 July 2017, the Trust shall take effect in accordance with the laws of Hong Kong and the laws of Hong Kong shall be the governing law of the Trust.

Pursuant with the supplemental deeds dated 28 July 2017, the Former Manager retired as the manager of the Trust and China Asset Management (Hong Kong) Limited (the “Manager”) was appointed as the manager of the Trust with effect from 28 July 2017. On the same day, the Former Trustee retired as the trustee of the Trust and Cititrust Limited (the “Trustee”) was appointed as the trustee of the Trust.

The Sub-Fund is authorised by the Hong Kong Securities and Futures Commission (the “SFC”) under Section 104 of the Hong Kong Securities and Futures Ordinance, and governed by the Hong Kong Code on Unit Trusts and Mutual Funds (the “Code”) issued by the SFC. The Sub-Fund was authorised by the SFC on 1 November 2010 and the first dealing day was 10 December 2010.

The investment objective of the Sub-Fund is to provide unitholders with long term capital growth through exposure to the equities and equity-related instruments of People’s Republic of China related companies.

It is expected that approximately 70% to 100% of the Sub-Fund’s portfolio will be invested directly or indirectly in equity securities issued by companies which are listed, or being offered in an initial public offer, on an official stock markets in Hong Kong, People’s Republic of China (A-share and B-share markets), the United States, Singapore and other countries or regions. The Sub-Fund will gain exposure access to the A-share markets by investing in access products and via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect.

The custodian and administration functions are delegated to Citibank N.A., Hong Kong Branch (the “Custodian” and the “Administrator”). Citibank N.A., Hong Kong Branch is a related party of the Former Manager, the Former Trustee and the Trustee.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to the year presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRSs”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee (collectively the “Management”) to exercise judgements in the process of applying the Sub-Fund’s accounting policies.

All references to “net assets” or “net asset value” throughout these financial statements refer to net assets attributable to unitholders unless otherwise stated.

Standards and amendments to existing standards effective 1 January 2021

There are no standards, amendments to existing standards or interpretations that are effective for annual periods beginning on 1 January 2021 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2021 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

2 Summary of significant accounting policies (Continued)

(b) Foreign currency translation

(i) Functional and presentation currency

The performance of the Sub-Fund is measured and reported to unitholders in United States dollars (“USD”). The Management considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Sub-Fund’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign exchange (loss)/gain”.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gain on financial assets at fair value through profit or loss”.

(c) Financial assets at fair value through profit or loss

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund primarily focuses on fair value information and uses that information to assess the assets’ performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

The Sub-Fund’s policy requires the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

2 Summary of significant accounting policies (Continued)

(c) Financial assets at fair value through profit or loss (Continued)

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value.

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

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income within “net gain on financial assets at fair value through profit or loss” in the year in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income when the Sub-Fund’s right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Sub-Fund, and the amount of the dividend can be measured reliably.

(iii) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets and financial liabilities held by the Sub-Fund is the last traded market price 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 Management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Sub-Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers or based on the Manager’s judgements and estimates. The fair value of debt securities based on quoted market prices.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

2 Summary of significant accounting policies (Continued)

(c) Financial assets at fair value through profit or loss (Continued)

(iv) Transfers between levels of the fair value hierarchy

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

(d) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(e) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks and other short-term investments in an active market with original maturities of three months or less.

(f) Amounts due from and to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the reporting date respectively. The amount due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the Management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(g) Interest income

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents.

(h) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefit associated with the dividend will flow to the Sub-Fund, and the amount of the dividend can be measured reliably.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

2 Summary of significant accounting policies (Continued)

(i) Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

(j) (Decrease)/increase in net assets attributable to unitholders from operations

(Loss)/income not distributed is included in net assets attributable to unitholders.

(k) Taxation

The Sub-Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are shown as a separate item in the statement of comprehensive income.

(l) Net gain on financial assets at fair value through profit or loss

Net gain on financial assets at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but exclude interest and dividend income.

(m) Units in issue

The Sub-Fund has multiple classes of redeemable units in issue, which are redeemable at the unitholders' option. All the classes are the most subordinate classes of financial instruments in the Sub-Fund and rank pari passu in all material respects and have the same terms and conditions other than that different classes of unit are denominated in different currencies. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' units in the net assets of the applicable class of units of the Sub-Fund at the redemption date, and also in the event of the Sub-Fund's liquidation.

The redeemable units of the Sub-Fund are classified as financial liabilities and are carried at amortised cost which corresponds to the redemption amount that is payable at the reporting date if the unitholder exercises the right to put the units back to the Sub-Fund.

(n) Establishment costs

Establishment costs are recognised as an expense in the year/period in which they are incurred in accordance with IFRSs.

(o) Transaction costs

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

3 Financial assets at fair value through profit or loss

	2021	2020
Listed equity securities	\$ 25,372,123	\$ 23,312,206
Unlisted China A Share access products	502,469	-
	<u>\$ 25,874,592</u>	<u>\$ 23,312,206</u>

4 Taxation

Taxation in the statement of comprehensive income represents:

	2021	2020
Withholding tax on dividend income	\$ 35,319	\$ 29,236

(a) Hong Kong

No provision for Hong Kong profits tax has been made in the financial statements as the Sub-Fund is exempted from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

(b) People's Republic of China (the "PRC")

The Manager and the Trustee intend to manage and operate the Sub-Fund in such a manner that the Sub-Fund should not be treated as a tax resident enterprise of the PRC or a non-tax resident enterprise with an establishment or place of business in the PRC for Corporate Income Tax ("CIT") purposes. As such, it is expected that the Sub-Fund should not be subject to CIT on an assessment basis and would only be subject to CIT on a withholding basis to the extent the Sub-Fund directly derives PRC sourced income.

Under the current general provision of the PRC Corporate Income Tax Law and published tax circulars, foreign corporate investors would be subject to PRC withholding tax at the rate of 10% in respect of certain types of their PRC sourced income earned, such as capital gains, dividend income and interest income.

On 14 November 2014, The Ministry of Finance (the "MoF"), the State Administration of Taxation (the "SAT") and the China Securities Regulatory Commission (the "CSRC") promulgated the "Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and Renminbi Qualified Foreign Institutional Investors ("RQFII")" (the "Notice No. 79").

According to the Notice No. 79, (i) CIT is imposed on capital gains derived by QFIIs and RQFIIs from the transfer of PRC equity investment assets including PRC A-shares prior to 17 November 2014 in accordance with laws; and (ii) QFIIs and RQFIIs without an establishment or place of business in the PRC is temporarily exempt from CIT on capital gains derived from the transfer of PRC equity investment assets including PRC A-shares effective from 17 November 2014.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

4 Taxation (Continued)

(b) People's Republic of China (the "PRC") (Continued)

The "Notice on the tax policies related to the pilot program of the Shanghai-Hong Kong Stock Connect" (the "Notice No. 81") promulgated by the MoF, the SAT and the CSRC states that CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors including the Sub-Fund on the trading of PRC A-shares through the Shanghai-Hong Kong Stock Connect.

It should be noted that both Notice No. 79 and Notice No. 81 state that the exemptions are temporary only and when the PRC authorities announce the expiration of such exemptions, the AP Issuers and the Sub-Fund may need to recommence making provision for future potential tax liabilities.

No PRC withholding tax provision had been made on any PRC A-shares or PRC A-share access products since 17 November 2014.

5 Net gain on financial assets at fair value through profit or loss

	2021	2020
Net realised gain	\$ 3,854,301	\$ 8,425,475
Net change in unrealised gain or loss in financial assets at fair value through profit or loss	(3,801,893)	(1,842,827)
	<u>\$ 52,408</u>	<u>\$ 6,582,648</u>

6 Soft dollar arrangements

The Manager has entered into soft dollar arrangements with 4 brokers for the Sub-Fund for the year ended 31 December 2021. The amount received relating to the soft dollar arrangements was \$15,025. The Manager has not received any soft dollar commissions or entered into any soft dollar arrangements for the Sub-Fund for the year ended 31 December 2020.

7 Establishment costs

The Sub-Fund's Explanatory Memorandum ("EM") requires the establishment costs to be amortised over a period of 12 months for the purpose of calculating its trading net asset value, whereas IFRSs require the establishment costs to be expensed when incurred.

There are no unamortised establishment costs for the year ended 31 December 2021 and 31 December 2020.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

8 Transactions with related parties or the Connected Persons

The following is a summary of transactions entered into during the year between the Sub-Fund and its related parties, including the Manager, the investment delegate, the Trustee/ Custodian and their connected persons (the “Connected Persons”). The Connected Persons are those as defined in the Code issued by the SFC. All such transactions were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Sub-Fund did not have any other transactions with the Connected Persons except for those disclosed below.

(a) Management fee

The fee payable to the Manager is calculated at 1.8% (2020: 1.8%) per annum of the net asset value of the Sub-Fund. It is accrued daily and payable monthly in arrears. The management fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2021 amounted to \$492,838 (2020: \$412,064) and \$124,520 (2020: \$213,056) respectively.

(b) Performance fee

The Manager is entitled to a performance fee. The performance fee is calculated and accrued on each valuation day (i.e. daily basis) and will be payable at the last valuation day of the financial year. If any units are realised on the valuation day, the performance fee accrued so far in respect of such units will crystallise and be paid to the Manager at the end of the performance period. The performance fee in respect of each unit will be equal to 10% (2020: 10%) of the appreciation in the net asset value per unit during the year above the highest net asset value per unit at the last day in any previous financial year in which the performance fee was paid for the relevant class.

The performance fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2021 amounted to \$358,988 (2020: \$270,596) and \$358,988 (2020: \$270,596) respectively.

(c) Administration fee

The fee payable to the Administrator is calculated at 0.075% (2020: 0.075%) per annum of the net asset value of the Sub-Fund, subject to a minimum fixed fee of \$5,500 per month. It is accrued daily and payable monthly in arrears. The administration fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2021 amounted to \$66,120 (2020: \$65,895) and \$10,362 (2020: \$15,741) respectively.

(d) Trustee fee

The fee payable to the Trustee is \$10,000 (2020: \$10,000) per annum. It is accrued daily and payable in arrears on a monthly basis. The trustee fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2021 amounted to \$10,018 (2020: \$9,984) and \$2,603 (2020: \$3,418) respectively.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

8 Transactions with related parties or the Connected Persons (Continued)

(e) Custodian fee

The fee payable to the Custodian is calculated at 0.03% (2020: 0.03%) per annum of the net asset value of the Sub-Fund. It is accrued daily and payable in arrears on a monthly basis. The custodian fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2021 amounted to \$42,033 (2020: \$47,490) and \$1,283 (2020: \$1,658) respectively.

(f) Financial statements preparation fee

The Administrator is entitled to a financial statements preparation fee. The financial statements preparation fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2021 amounted to \$6,778 (2020: \$7,000) and \$4,694 (2020: \$12,917) respectively.

(g) Cash and cash equivalents

All bank balances of the Sub-Fund are held in interest-bearing accounts with Citibank N.A., Hong Kong Branch. As at 31 December 2021, the balances amounted to \$794,817 (2020: \$2,611,444). For the year ended 31 December 2021, the interest earned from these bank balances and interest expense amounted to \$642 (2020: \$2,485) and \$7,963 (2020: \$346) respectively. The bank charges amounted to \$294 (2020: \$121).

(h) Transaction costs

In the purchase and sales of investments, the Sub-Fund utilises the brokerage services of fellow subsidiaries of the Trustee. Details of the transactions effected through these entities are as follows:

	2021	2020
Commission paid for the year	\$ 74,353	\$ 17,668
Average rate of commission	0.16%	0.25%
Total aggregate value of transactions for the year	\$ 660,942,274	\$ 261,911,077
Percentage of such transactions in value to total transactions for the year	10.36%	2.75%

(i) Unit holdings

There is no unitholder of the Sub-Fund identified as related parties or the Connected Persons of the Sub-Funds as at 31 December 2021 and 31 December 2020.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

9 Net assets attributable to unitholders

(a) Units issued and redeemed

	2021	2020
Total number of units in issue		
AUD units	9,394	9,394
EUR units	4,321	4,094
HKD units	1,082,892	1,216,410
SGD units	48,067	48,067
USD units	1,438,673	1,270,251
	<hr/>	<hr/>
Net asset value per unit in local currency (calculated in accordance with the EM)		
AUD units	AUD 19.654	AUD 19.427
EUR units	EUR 18.429	EUR 17.999
HKD units	HKD 15.929	HKD 16.694
SGD units	SGD 16.424	SGD 16.882
USD units	USD 15.549	USD 16.561
	<hr/>	<hr/>

The Trust and the Sub-Fund do not have any externally imposed capital requirements. As at 31 December 2021, the Sub-Fund had net assets attributable to unitholders of \$25,392,844 (2020: \$24,500,267). The Sub-Fund strives to invest funds received from the issuance of redeemable units in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet the funding needs when unitholders redeem their units.

The Manager may from time to time permit unitholders to convert some or all of their units of any class into units of any other class whether in respect of the Sub-Fund or any other sub-funds of the Trust which have been authorised by the SFC.

(b) Distributions

The Sub-Fund does not intend to pay dividends or other distributions for the year ended 31 December 2021 and 31 December 2020.

10 Financial instruments and associated risks

The Sub-Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests according to the investment strategy. The risks that the Sub-Fund is exposed to are market risk, credit risk and liquidity risk. Market risk includes price risk, interest rate risk and currency risk.

The Sub-Fund maintains an investment portfolio in a variety of listed equity securities and PRC A-share access products as dictated by its investment management strategy.

The nature and extent of the financial instruments outstanding at the end of the reporting period and the risk management policies employed by the Sub-Fund are discussed below.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Expressed in United States dollars, unless otherwise indicated)

10 Financial instruments and associated risks (Continued)

(a) Market risk

All investments held by the Sub-Fund are measured at fair value through profit or loss, and all changes in market conditions directly affect profit or loss. Market risk is the risk that the value of the investments will fluctuate as a result of changes in prices, interest rates or exchange rates.

(i) Price risk

Price risk is the risk that value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual instrument or factors affecting all instruments traded in the market.

The following table shows the concentration of investment of the Sub-Fund by product type.

By product type	2021		2020	
	Market value	% of total net assets	Market value	% of total net assets
Financial assets at fair value through profit or loss				
Listed equity securities	\$ 25,372,123	99.92	\$ 23,312,206	95.15
Unlisted China A Share access product	502,469	1.98	–	–
	<u>\$ 25,874,592</u>	<u>101.90</u>	<u>\$ 23,312,206</u>	<u>95.15</u>

The Sub-Fund is exposed to price risk arising from changes in market prices of listed equity securities.

The following table shows the net market exposure of the Sub-Fund by market:

By market	2021	2020
PRC	\$ 502,469	\$ 4,913,543
Hong Kong	25,372,123	18,398,663
	<u>\$ 25,874,592</u>	<u>\$ 23,312,206</u>

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

10 Financial instruments and associated risks (Continued)

(a) Market risk (Continued)

(i) Price risk (Continued)

The following table shows the net market exposure of the Sub-Fund by industry:

By industry	2021	2020
	% investment portfolio	% investment portfolio
Communication services	20.67	3.82
Consumer discretionary	9.89	5.12
Consumer staples	1.10	11.18
Energy	1.03	-
Financials	5.41	8.25
Healthcare	12.90	13.59
Industrials	17.04	3.21
Information technology	8.12	0.00
Materials	-	5.87
Real estate	23.84	48.96
	<u>100.00</u>	<u>100.00</u>

As at 31 December 2021 and 31 December 2020, the Sub-Fund had no individual investment with fair value which was larger than 10% of the Sub-Fund's net asset value.

The Sub-Fund's market price is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The table below summarises the overall market exposures of the Sub-Fund and the impact of increases/decreases from the Sub-Fund's financial assets at fair value through profit or loss on the Sub-Fund's net asset value as at 31 December 2021 and 31 December 2020. The analysis is based on the assumption that the underlying investments in equity securities increased/decreased by a reasonable possible shift, with all other variables held constant.

However, this does not represent a prediction of the future movement in the corresponding key markets.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Expressed in United States dollars, unless otherwise indicated)

10 Financial instruments and associated risks (Continued)

(a) Market risk (Continued)

(i) Price risk (Continued)

	Carrying value of financial assets at fair value through profit or loss	% of net assets	Market index	% shift in underlying securities increase/ (decrease)	Estimated possible change in net asset value increase/ (decrease)
31 December 2021					
Listed equity securities	\$25,372,123	99.92	MSCI China Index	17 (17)	\$4,313,261 (4,313,261)
31 December 2020					
Listed equity securities	\$23,312,206	95.15	MSCI China Index	23 (23)	\$5,361,807 (5,361,807)

The Manager has used its view of what would be a “reasonable shift” in each key market to estimate the impact in the market sensitivity analysis above.

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of interest-bearing financial instruments and their future cash flows. Except for cash and cash equivalents, all the financial assets and liabilities of the Sub-Fund are not interest-bearing. As a result, the Sub-Fund has limited exposure to interest rate risk.

(iii) Currency risk

The Sub-Fund may invest in financial instruments and enter into transactions that are denominated in currencies other than its functional currency. Consequently, the Sub-Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value of that portion of the Sub-Fund’s financial assets or liabilities denominated in currencies other than USD. The Manager monitors the Sub-Fund’s foreign currency exposures on an ongoing basis. The table below summarises the Sub-Fund’s net exposure in monetary and non-monetary assets and liabilities.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

(Expressed in United States dollars, unless otherwise indicated)

10 Financial instruments and associated risks (Continued)

(b) Market risk (Continued)

(iii) Currency risk (Continued)

Currencies	2021		2020	
	Monetary	Non-monetary	Monetary	Non-monetary
Australian dollars	\$ 146	\$ -	\$ 155	\$ -
British Pounds	595	-	601	-
Chinese Yuan	264,232	-	265,862	4,913,542
Euros	5,118	-	2	-
Singapore dollars	137	-	136	-
Total	\$ 270,228	\$ -	\$ 266,756	\$ 4,913,542

The table below summarises the impact of increase or decrease of key exchange rates on the exposures tabled above, to which the Sub-Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by 5% with all other variables held constant.

Currencies	2021		2020	
	Monetary	Non-monetary	Monetary	Non-monetary
Australian dollars	\$ 7	\$ -	\$ 8	\$ -
British Pounds	30	-	30	-
Chinese Yuan	13,212	-	13,293	245,677
Euros	256	-	-	-
Singapore dollars	7	-	7	-
Total	\$ 13,512	\$ -	\$ 13,338	\$ 245,677

The net exposure in Hong Kong dollars (“HKD”) as at 31 December 2021 was \$25,186,822 (2020: \$19,974,566). As the HKD is currently pegged to the USD within a narrow range, the Sub-Fund does not expect any significant movement in USD/HKD exchange rate.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

10 Financial instruments and associated risks (Continued)

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund. The Sub-Fund's exposure to credit risk is monitored by the Manager on an ongoing basis. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates to financial assets carried at amortised cost, as they have short term maturity.

The Sub-Fund applies the IFRS 9 general model for cash and cash equivalents, amounts due from brokers, subscription receivable and dividend receivable to measure the expected credit losses. The identified impairment loss was immaterial as the history of defaults are minimal.

All the Sub-Fund's cash and cash equivalents and financial assets at fair value through profit or loss are held in major financial institutions located in Hong Kong, which the Sub-Fund believes are of high credit quality. The Manager considers that the Sub-Fund does not have a significant concentration of credit risk.

The Sub-Fund is also subject to credit and counterparty risk associated with each access product issuer (the "AP Issuer") and may suffer losses potentially equal to the full value of the China A Share access products issued by an AP issuer if such AP issuer fails to perform its obligations under the China A Share access products.

The Manager mitigates the counterparty risk associated with the Sub-Fund by putting in place appropriate counterparty risk management procedures. The Manager monitors the credit rating of the brokers on an ongoing basis.

The table below sets out the net exposure of the Sub-Fund to counterparties as at 31 December 2021 and 31 December 2020 together with their credit ratings provided by Standard & Poor's rating services:

		2021			2020	
	Credit rating		Net exposure to counterparties	Credit rating		Net exposure to counterparties
Cash and cash equivalents						
Citibank N.A., Hong Kong Branch	A-1	\$	794,817	A-1	\$	2,611,444
Financial assets at fair value through profit or loss						
Citibank N.A., Hong Kong Branch	A-1	\$	25,372,123	A-1	\$	23,312,206
Amounts due from brokers						
Citibank N.A., Hong Kong Branch	A-1	\$	2,409,668	A-1	\$	494,874
AP issuers						
BOCI Financial Products Limited	A-1	\$	502,469	-		-

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

10 Financial instruments and associated risks (Continued)

(c) Liquidity risk

Liquidity risk arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. As unitholders may realise units on any dealing day, the Sub-Fund is exposed to liquidity risk of meeting unitholder redemptions.

As at 31 December 2021 and 31 December 2020, the Sub-Fund's investments in listed equity securities are considered to be readily realisable because they are traded on major stock exchanges.

As at 31 December 2021, the Sub-Fund's financial assets include unlisted China A Share access products, which are generally illiquid. As a result, the Sub-Fund may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements.

The table below analyses the remaining contractual maturities of the Sub-Fund's financial liabilities as at 31 December 2021 and 31 December 2020:

	2021					Total
	Repayable on demand	Within 1 month	1 month to 3 months	3 months to 1 year	No specified maturity	
Amounts due to brokers	\$ -	\$ 2,961,027	\$ -	\$ -	\$ -	\$ 2,961,027
Redemption payable	-	225,165	-	-	-	225,165
Accruals and other payables	-	523,483	-	-	-	523,483
Net assets attributable to unitholders	25,392,844	-	-	-	-	25,392,844
Total financial liabilities	\$ 25,392,844	\$ 3,709,675	\$ -	\$ -	\$ -	\$ 29,102,519

	2020					Total
	Repayable on demand	Within 1 month	1 month to 3 months	3 months to 1 year	No specified maturity	
Amounts due to brokers	\$ -	\$ 465,463	\$ -	\$ -	\$ -	\$ 465,463
Redemption payable	-	947,784	-	-	-	947,784
Accruals and other payables	-	536,787	-	-	-	536,787
Net assets attributable to unitholders	24,500,267	-	-	-	-	24,500,267
Total financial liabilities	\$ 24,500,267	\$ 1,950,034	\$ -	\$ -	\$ -	\$ 26,450,301

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Expressed in United States dollars, unless otherwise indicated)

11 Fair value information

(a) Financial instruments carried at fair value

The table below presents the fair value of the Sub-Fund's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using level 2 inputs i.e. observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	2021			Total
	Level 1	Level 2	Level 3	
Unlisted China A Share access products	\$ -	\$ 502,469	\$ -	\$ 502,469
Listed equity securities	25,372,123	-	-	25,372,123
	<u>\$ 25,372,123</u>	<u>\$ 502,469</u>	<u>\$ -</u>	<u>\$ 25,874,592</u>
	2020			Total
	Level 1	Level 2	Level 3	
Listed equity securities	\$ 23,312,206	\$ -	\$ -	\$ 23,312,206
	<u>\$ 23,312,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,312,206</u>

For the year ended 31 December 2021 and 31 December 2020, there were no transfers between levels of investments held by the Sub-Fund.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

(b) Fair values of financial instruments carried at other than fair value

The financial assets and financial liabilities included in the statement of financial position, except the financial assets at fair value through profit or loss, are carried at amortised cost. Their carrying values are an appropriate approximation of fair value.

12 Approval of financial statements

The financial statements were approved and authorized for issue by the Management on 29 March 2022.

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2021**

(Expressed in United States dollars)

	Holdings	Market value	% of total net assets
Unlisted China A Share access products			
BOCI FINL PROD BCHINA 0 12/16/22 (NEW HUADU SUPERCENTER CO LTD)	306,700	285,657	1.13
BOCI FINL PROD BCHINA 0 12/28/22 (NUODE INVESTMENT CO LTD)	86,400	216,812	0.85
		<u>\$ 502,469</u>	<u>1.98</u>
Hong Kong listed equity securities			
AAC TECHNOLOGIES HOLDINGS IN	327,500	\$ 1,293,819	5.10
AAG ENERGY HOLDINGS LTD 2686	1,480,000	267,666	1.05
ASCLETIS PHARMA INC	744,000	313,964	1.24
BILIBILI INC-CLASS Z	46,600	2,143,422	8.44
CHERVON HOLDINGS LTD	110,000	816,926	3.22
CHINA BIOTECH SERVICES HOLDI	4,385,000	776,176	3.06
CHINA ENERGY ENGINEERING COR	1,384,000	234,327	0.92
CHINA GLASS HOLDINGS LIMITED HKD0.10	1,564,000	347,052	1.37
CHINA INTERNATIONAL CAPITA-H	47,600	131,267	0.52
CHINA OVERSEAS LAND & INVEST	228,500	541,040	2.13
COUNTRY GARDEN SERVICES HOLD	84,000	503,162	1.98
CSC FINANCIAL CO LTD-H	134,500	147,158	0.58
DFZQ-H 3958	159,600	136,339	0.54
DIGITAL DOMAIN HOLDINGS LTD	5,240,000	430,153	1.69
EVERBRIGHT SECURITIES CO L-H	335,200	259,258	1.02
GEELY AUTOMOBILE HOLDINGS LTD	92,000	251,350	0.99
GF SECURITIES CO LTD-H	83,000	158,201	0.62
GUSHENGTANG HOLDINGS LTD	150,500	789,535	3.11
HONG KONG EXCHANGES & CLEAR	9,700	566,600	2.23
HUA HONG SEMICONDUCTOR LTD	46,000	253,710	1.00

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)

AS AT 31 DECEMBER 2021

(Expressed in United States dollars)

	Holdings	Market value	% of total net assets
Hong Kong listed equity securities (Continued)			
JOY CITY PROPERTY LTD	3,998,000	\$ 205,123	0.81
KEYMED BIOSCIENCES INC	180,000	796,532	3.14
KUAISHOU TECHNOLOGY	85,400	789,230	3.11
MEITUAN-CLASS B	79,800	2,307,110	9.09
MIDEA REAL ESTATE HOLDING LTD	163,800	254,641	1.00
NEW WORLD DEVELOPMENT	76,000	300,733	1.18
SHANGHAI HENLIUS BIOTECH I - H	233,700	660,966	2.60
SUNAC CHINA HOLDINGS LTD	1,041,000	1,572,923	6.19
SUNAC SERVICES HOLDINGS LTD	2,326,000	2,371,856	9.34
SUNNY OPTICAL TECH	10,200	322,630	1.27
TENCENT HOLDINGS LTD	33,900	1,986,266	7.82
XINYI SOLAR HLDGS	136,000	230,612	0.91
YUEXIU SERVICES GROUP LTD	957,500	420,026	1.65
ZHENGZHOU COAL MIN 'H'CNY1	2,359,200	2,481,362	9.77
ZHUZHOU CRRC TIMES ELECTRIC	53,700	310,988	1.23
		<u>\$25,372,123</u>	<u>99.92</u>
Total investments		\$25,874,592	101.90
<i>(Total cost of investments: \$27,301,275)</i>			
Other net liabilities		(481,748)	(1.90)
Total net assets		<u>\$25,392,844</u>	<u>100.00</u>

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

	2021	2020
	% of total	% of total
	net assets	net assets
Unlisted China A Share access products	1.98	-
PRC listed equity securities	-	20.05
Hong Kong listed equity securities	99.92	75.10
	<hr/>	<hr/>
Total investments	101.90	95.15
	<hr/>	<hr/>
Other net (liabilities)/assets	(1.90)	4.85
	<hr/>	<hr/>
Total net assets	100.00	100.00
	<hr/> <hr/>	<hr/> <hr/>

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

PERFORMANCE TABLE (UNAUDITED)

(Expressed in United States dollars, unless otherwise indicated)

	2021	2020	2019
Total net asset value for valuation purposes (calculated in accordance with the EM)	\$ 25,392,844	\$ 24,500,267	\$ 26,026,343
Net asset value per unit in unit denomination currency (calculated in accordance with the EM)			
- AUD units	AUD 19.654	AUD 19.427	AUD 16.708
- EUR units	EUR 18.429	EUR 17.999	EUR 15.323
- HKD units	HKD 15.929	HKD 16.694	HKD 13.121
- SGD units	SGD 16.424	SGD 16.882	SGD 13.425
- USD units	USD 15.549	USD 16.561	USD 12.976

CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST

PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

(Expressed in United States dollars, unless otherwise indicated)

Price record in unit denomination currency for the year (calculated in accordance with the EM)²

	2021		2020		2019		2018		2017	
	Lowest net asset value per unit	Highest net asset value per unit	Lowest net asset value per unit	Highest net asset value per unit	Lowest net asset value per unit	Highest net asset value per unit	Lowest net asset value per unit	Highest net asset value per unit	Lowest net asset value per unit	Highest net asset value per unit
AUD units	18.910	23.856	15.967	19.737	14.054	17.180	14.073	19.373	13.078	18.239
EUR units	17.706	22.178	12.807	17.999	12.640	15.925	12.802	18.284	13.307	17.289
GBP units ¹	N/A	N/A	N/A	N/A	N/A	N/A	7.781	10.891	7.577	10.411
HKD units	15.287	20.124	10.412	16.694	11.041	13.782	11.205	16.915	10.499	15.531
SGD units	15.802	20.530	11.530	16.882	11.403	14.103	11.635	16.849	11.649	15.953
USD units	14.923	19.897	10.339	16.561	10.863	13.544	11.023	16.689	10.446	15.350
	2016		2015		2014		2013		2012	
	Lowest net asset value per unit	Highest net asset value per unit	Lowest net asset value per unit	Highest net asset value per unit	Lowest net asset value per unit	Highest net asset value per unit	Lowest net asset value per unit	Highest net asset value per unit	Lowest net asset value per unit	Highest net asset value per unit
AUD units	11.599	14.202	13.115	20.676	10.986	15.128	10.049	12.862	8.501	9.861
EUR units	11.066	13.944	12.066	20.831	10.657	14.568	10.526	12.086	9.157	10.373
GBP units ¹	5.632	8.378	5.946	12.151	10.397	12.199	10.499	12.344	8.997	10.246
HKD units	9.305	11.709	10.325	17.503	11.001	13.406	10.416	12.329	8.819	10.332
SGD units	9.954	12.276	11.088	18.011	10.562	13.585	10.072	11.962	8.606	9.856
USD units	9.228	11.649	10.281	17.459	11.007	13.401	10.429	12.332	8.823	10.330

¹ The units of GBP class were fully redeemed on 4 September 2014 and reissued at GBP10 per unit on 15 January 2015. The highest and lowest net asset value per unit of 2014 and 2015 represented the values in the period from 1 January 2014 to 4 September 2014 and 15 January 2015 to 31 December 2015, respectively.

The units of GBP class were fully redeemed on 13 December 2018. The highest and lowest net asset value per unit of 2018 represented the values in the period from 1 January 2018 to 13 December 2018.

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

