

ChinaAMC Global ETF Series

**ChinaAMC Bloomberg China Treasury
+ Policy Bank Bond Index ETF**

Annual Report

For the year ended
31 December 2021



华夏基金
ChinaAMC

ANNUAL REPORT

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
(Formerly known as ChinaAMC Bloomberg Barclays
China Treasury + Policy Bank Bond Index ETF)
Stock Code: 82813 (RMB counter), 02813 (HKD counter) and
09813 (USD counter)
(a sub-fund of ChinaAMC Global ETF Series)

For the year ended 31 December 2021

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
(formerly known as ChinaAMC Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF)
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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/en/products/etf/bloomberg-china-treasury-policy-bank-bond-index/fund-details.html>

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

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
(formerly known as ChinaAMC Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF)
(a sub-fund of ChinaAMC Global ETF Series)

MANAGEMENT AND ADMINISTRATION

MANAGER

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

DIRECTORS OF THE MANAGER

Yang Minghui
Gan Tian
Li Yimei
Li Fung Ming

TRUSTEE AND REGISTRAR

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

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

PRC CUSTODIAN AND ONSHORE SETTLEMENT AGENT

HSBC Bank (China) Company Limited
33/F, HSBC Building
Shanghai ifc
8 Century Avenue
Pudong, Shanghai
China 200120

SERVICE AGENT

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

LISTING AGENT

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

LEGAL ADVISER TO THE MANAGER

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

INVESTMENT ADVISER

China Asset Management Co. Ltd.
3/F Tower B, Tongtai Building
No. 33 Finance Street
Xicheng District, Beijing
People's Republic of China

CUSTODIAN

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

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MANAGEMENT AND ADMINISTRATION (continued)

Participating Dealers

ABN AMRO Clearing Hong Kong Limited
Units 7001-06&7008B, level 70
International Commerce Centre,
1 Austin Road West,
Kowloon, Hong Kong

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

BNP Paribas Securities Limited
21/F PCCW Tower, Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

Huatai Financial Holdings (Hong Kong) Limited
Unit 4201, 42/F, The Center
99 Queen's Road Central
Hong Kong

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

Korea Investment & Securities Asia Ltd
1 Connaught Place,
Jardine House, Suite 2110,
Central, Hong Kong

Citigroup Global Markets Asia Limited
50th Floor, Champion Tower
Three Garden Road
Central, Hong Kong

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

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

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

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

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

Zhongtai International Securities Limited
19/F Li Po Chun Chambers
189 Des Voeux Road
Central, Hong Kong

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REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF (the “Sub-Fund”) is a sub-fund of ChinaAMC Global ETF Series, an umbrella unit trust established under Hong Kong law by a trust deed dated 17 September 2015 between China Asset Management (Hong Kong) Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The Sub Fund is a passively-managed ETF falling within Chapter 8.6 and of the Code on Unit Trusts and Mutual Funds issued by the SFC. Units of the Sub-Fund (the “Units”) are traded on The Stock Exchange of Hong Kong Limited (the “SEHK”) like stocks. The Sub-Fund’s RMB counter (stock code: 82813) and HKD counter (stock code: 02813) commenced trading on the SEHK on 6 June 2018, and USD counter (stock code: 9813) commenced trading on the SEHK on 30 June 2021. The Sub-Fund is an index-tracking fund that seeks to track the performance of the Bloomberg China Treasury + Policy Bank Index (the “Index”).

The Manager uses a representative sampling strategy by investing in a representative sample of Treasury Bonds and Policy Bank Bonds in the Index that collectively reflects the investment characteristics of the Index. The Sub-Fund may or may not hold all of the Treasury Bonds and Policy Bank Bonds that are included in the Index, and may hold Treasury Bonds and Policy Bank Bonds which are not included in the Index, provided that these bonds collectively feature a high correlation with the Index. The Manager may overweight certain Treasury Bonds and Policy Bank Bonds which are included in the Index relative to those bonds’ respective weightings in the Index. The Sub-Fund will gain direct exposure to Treasury Bonds and Policy Bank Bonds by investing up to 100% of the NAV in the PRC inter-bank bond market under mutual bond market access between Hong Kong and Mainland China (“Bond Connect”) and the regime allowing foreign institutional investors to invest in the PRC inter-bank bond market (“Foreign Access Regime”). The Sub-Fund may also utilise other means as may be permitted by the relevant regulations from time to time.

Performance of the Sub-Fund

The investment objective is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index. The Index aims to reflect the performance of the fixed rate RMB-denominated treasury bonds and policy bank bonds listed on the PRC inter-bank bond market.

The performance of the Sub-Fund is in below (Total Returns in respective currency¹):

	1-Month	3-Month	Since Launch
The Index	0.68%	1.49%	20.14% ²
RMB Counter of the Sub-Fund (NAV-to-NAV)	0.90%	1.65%	17.00% ²
RMB Counter of the Sub-Fund (Mark-to-Market)	0.28%	1.00%	15.50% ²
HKD Counter of the Sub-Fund (NAV-to-NAV)	0.93%	3.37%	16.46% ²
HKD Counter of the Sub-Fund (Mark-to-Market)	0.27%	2.88%	15.58% ²
USD Counter of the Sub-Fund (NAV-to-NAV)	0.99%	3.27%	4.80% ³
USD Counter of the Sub-Fund (Mark-to-Market)	0.48%	2.73%	4.22% ³

¹ Source: Bloomberg, as of 31 December 2021. Performances of the benchmark Index and RMB Counter of the Sub-Fund are calculated in RMB while performances of HKD Counter and USD Counter of the Sub-Fund are calculated in HKD and USD. Past performance figures shown are not indicative of the future performance of the Sub-Fund.

² Calculated since 6 June 2018

³ Calculated since 30 June 2021

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REPORT OF THE MANAGER TO THE UNITHOLDERS (Continued)

Activities of the Sub-Fund

According to Bloomberg, the average daily trading volume of the Sub-Fund was 898 units from 1 January 2021 to 31 December 2021. As of 31 December 2021, there were 150,000 units outstanding.

China Asset Management (Hong Kong) Limited
25 March 2022

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, China Asset Management (Hong Kong) Limited, the Manager of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF, a sub-fund of ChinaAMC Global ETF Series has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 17 September 2015, as amended or supplemented from time to time, for the year ended 31 December 2021.

.....
HSBC Institutional Trust Services (Asia) Limited
25 March 2022

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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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 Bloomberg China Treasury + Policy Bank Bond Index ETF (formerly known as ChinaAMC Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF) (the "Sub-Fund"), a sub-fund of ChinaAMC Global ETF Series (the "Trust"), is required by the *Code on Unit Trusts and Mutual Funds* established by the Securities & Futures Commission of Hong Kong (the "SFC Code") and the trust deed dated 17 September 2015 (the "Trust Deed"), as amended or supplemented from time to time, to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

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

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

The Trust is an umbrella unit trust governed by its Trust Deed. As at 31 December 2021, the Trust has established five sub-funds.

Trustee's responsibilities

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Sub-Fund.

Independent auditor's report

To the unitholders of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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Report on the audit of the financial statements

Opinion

We have audited the financial statements of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF (formerly known as ChinaAMC Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF) (a sub-fund of ChinaAMC Global ETF Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 11 to 39, which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sub-Fund in accordance with the *Code of Ethics for Professional Accountants* (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent auditor's report (continued)

To the unitholders of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of financial assets at fair value through profit or loss	
<p>As at 31 December 2021, financial assets at fair value through profit or loss amounted to RMB15,513,429 which represented 97.12% of the net asset value of the Sub-Fund. These financial assets were treasury bonds and policy bank bonds listed in the PRC inter-bank bond market and there were six constituent bonds in the Sub-Fund, which were classified as Level 2 financial instruments under the fair value hierarchy. They were held by one custodian and measured at fair value. We focused on this area because the financial assets at fair value through profit or loss represented the principal element of the financial statements.</p> <p>Refer to disclosures on fair value of financial instruments in notes 7 and 8 to the financial statements.</p>	<p>We obtained independent confirmation from the custodian of the investment portfolio held at 31 December 2021, and agreed the quantities held to the Sub-Fund's accounting records. We evaluated the design and tested the operating effectiveness of financial instrument valuation controls. In addition, we tested the valuation of the financial assets at fair value through profit or loss by independently agreeing the valuation of financial assets to third party sources at 31 December 2021.</p> <p>We assessed the adequacy of disclosures relating to financial assets at fair value through profit or loss against the requirements of IFRS.</p>

Information other than the financial statements and auditor's report thereon

The Manager and the Trustee of the Sub-Fund are responsible for the other information. The other information comprises the information included in the annual report (the "Annual Report"), other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report (continued)

To the unitholders of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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Responsibilities of the Manager and the Trustee for the financial statements

The Manager and the Trustee are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and Trustee either intend to liquidate the Sub-Fund or to cease operations or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 17 September 2015 (the "Trust Deed"), as amended or supplemented from time to time, and the relevant disclosure provisions of Appendix E to the *Code on Unit Trusts and Mutual Funds* (the "SFC Code") of the Hong Kong Securities and Futures Commission.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.

Independent auditor's report (continued)

To the unitholders of ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

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

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

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

Certified Public Accountants
Hong Kong
25 March 2022

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STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 RMB	2020 RMB
ASSETS			
Financial assets at fair value through profit or loss	7	15,513,429	34,502,774
Interest receivables		276,620	677,098
Amount due from Manager	4(a)	287,877	234,396
Prepayment		23,306	-
Cash and cash equivalents	9	606,061	1,417,549
TOTAL ASSETS		<u>16,707,293</u>	<u>36,831,817</u>
LIABILITIES			
Management fee payable	4(b)	4,564	9,250
Trustee and registrar fees payable	4(d)	51,517	38,624
Other payables and accruals		677,807	483,757
TOTAL LIABILITIES		<u>733,888</u>	<u>531,631</u>
EQUITY			
Net assets attributable to unitholders	10	<u>15,973,405</u>	<u>36,300,186</u>
TOTAL LIABILITIES AND EQUITY		<u>16,707,293</u>	<u>36,831,817</u>

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

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB	2020 RMB
INCOME			
Interest income		<u>1,029,165</u>	<u>1,238,799</u>
		<u>1,029,165</u>	<u>1,238,799</u>
EXPENSES			
Management fee	4(b)	(94,601)	(111,317)
Trustee and registrar fees	4(d)	(456,665)	(460,354)
Accounting fees	4(f)	(60,900)	(60,900)
Auditor's remuneration		(90,125)	(94,621)
Transaction fees	4(g), 5	(2,873)	(2,873)
Legal fees and other professional fees		(62,034)	(19,867)
Safe custody and bank charges	4(e)	(19,222)	(24,452)
Other operating expenses		<u>(405,678)</u>	<u>(417,792)</u>
		<u>(1,192,098)</u>	<u>(1,192,176)</u>
Investment manager reimbursement of fees	4(a)	<u>1,045,191</u>	<u>999,400</u>
		<u>(146,907)</u>	<u>(192,776)</u>
PROFIT BEFORE INVESTMENT GAINS AND EXCHANGE DIFFERENCES		882,258	1,046,023
INVESTMENT GAINS AND EXCHANGE DIFFERENCES			
Net realised gains on financial assets at fair value through profit or loss		225,245	492,066
Net change in unrealised gain/(losses) on financial assets at fair value through profit or loss		419,355	(436,898)
Foreign exchange differences		<u>10,783</u>	<u>48,631</u>
		<u>655,383</u>	<u>103,799</u>
PROFIT BEFORE TAX		<u>1,537,641</u>	<u>1,149,822</u>
Income tax expenses	6	<u>(142)</u>	<u>(182)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,537,499</u></u>	<u><u>1,149,640</u></u>

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ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2021

	Note	Number of units	RMB
At 1 January 2020		400,000	41,391,981
Issue of units during the year		150,000	15,721,615
Redemption of units during the year		(200,000)	(21,105,550)
Distributions to unitholders	11	-	(857,500)
Total comprehensive income		<u>-</u>	<u>1,149,640</u>
At 31 December 2020 and 1 January 2021		350,000	36,300,186
Issue of units during the year		100,000	10,454,900
Redemption of units during the year		(300,000)	(31,644,180)
Distributions to unitholders	11	-	(675,000)
Total comprehensive income		<u>-</u>	<u>1,537,499</u>
At 31 December 2021		<u>150,000</u>	<u>15,973,405</u>

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

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
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STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Note	2021 RMB	2020 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,537,641	1,149,822
Adjustments for:			
Decrease in financial assets at fair value through profit or loss		18,989,345	5,924,168
Decrease in interest receivables		400,478	278,546
(Increase)/decrease in amount due from Manager		(53,481)	118,081
Increase in prepayment		(23,306)	-
Decrease in management fee payable		(4,686)	(2,517)
Increase/(decrease) in trustee and registrar fees payable		12,893	(6,188)
Decrease in inception fee payable		-	(31,381)
Increase/(decrease) in other payables and accruals		194,050	(6,804)
Cash generated from operations		21,052,934	7,423,727
Tax paid		(142)	(182)
Net cash flows from operating activities		<u>21,052,792</u>	<u>7,423,545</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		10,454,900	15,721,615
Payments on redemption of units		(31,644,180)	(21,105,550)
Distribution paid to unitholders		(675,000)	(857,500)
Net cash flows used in financing activities		<u>(21,864,280)</u>	<u>(6,241,435)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(811,488)	1,182,110
Cash and cash equivalents at the beginning of the year		<u>1,417,549</u>	<u>235,439</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	9	<u><u>606,061</u></u>	<u><u>1,417,549</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash at banks	9	<u><u>606,061</u></u>	<u><u>1,417,549</u></u>
Net cash flows from operating activities include:			
Interest received on bank deposits net of withholding tax		<u><u>3,102</u></u>	<u><u>3,928</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. THE TRUST

ChinaAMC Global ETF Series (the "Trust") is an umbrella unit trust governed by its trust deed dated 17 September 2015 (the "Trust Deed"), as amended or supplemented from time to time, between China Asset Management (Hong Kong) Limited (the "Manager") and HSBC Institutional Trust Services (Asia) Limited (the "Trustee"). The Trust Deed is governed by Hong Kong law. The Trust is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") pursuant to section 104(1) of the Securities and Futures Ordinance of Hong Kong. The Trust Deed has been amended by way of an amended and restated trust deed effective 31 December 2019.

These financial statements relate to the second sub-fund of the Trust, ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF (formerly known as ChinaAMC Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF) (the "Sub-Fund"). The date of inception of the Sub-Fund was 6 June 2018. The Sub-Fund commenced trading on the Stock Exchange of Hong Kong (the "SEHK") under stock codes 82813 (RMB counter) and 02813 (HKD counter) on 6 June 2018, and 09813 (USD counter) on 30 June 2021.

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Bloomberg China Treasury + Policy Bank Bond Index (the "Index"). The Sub-Fund is a physical exchange traded fund investing directly in underlying debt securities.

2.1 BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the *Code on Unit Trusts and Mutual Funds* of the SFC (the "SFC Code").

The financial statements have been prepared under the historical cost basis, except for financial assets classified as at fair value through profit or loss ("FVPL") that have been measured at fair value. The financial statements are presented in Chinese Renminbi ("RMB") and all values are rounded to the nearest RMB except where otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Sub-Fund has not adopted any new or revised IFRSs for the first time for the current year's financial statements.

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2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs, that have been issued but are not yet effective for the accounting year ended 31 December 2021, in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IFRS Practice Statement 2	<i>Making Materiality Judgements</i> ²

¹ Effective for annual periods beginning on or after 1 January 2023

² No mandatory effective date but available for adoption

Further information about those IFRSs that are expected to be applicable to the Sub-Fund is described below.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

Amendments to IAS 1 and IFRS Practice Statement 2 provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their "significant" accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Sub-Fund expects to adopt the above amendments prospectively from 1 January 2023. The amendments are not expected to have any significant impact on the Sub-Fund's financial statements.

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)

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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, trustee and registrar fees payable, and other payables and accruals.

(ii) Recognition

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

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

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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.

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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.

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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 RMB, 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 RMB. Moreover, the net asset value per unit at the time of issue or redemption is determined and denominated in RMB.

Therefore, the RMB 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 RMB.

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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 unitholders

Distributions are at the discretion of the Sub-Fund. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders ("NAV"). 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 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.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Transaction fees

Transactions 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.

NOTES TO THE FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units

Redeemable units are classified as an equity instrument when:

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

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

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

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

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

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

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

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

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

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

(a) Expenses borne by the Manager

The product key facts of the Sub-Fund stated that it is the Manager's current intention to cap the ongoing charges of the Sub-Fund at 0.85% of the average net asset value published from 6 June 2018 to 31 December 2021 ("Average Net Asset Value") per unit of the Sub-Fund; any ongoing charges in excess of such figure as at the end of the reporting period will be borne by the Manager.

The amount of expenses incurred by the Sub-Fund and borne by the Manager for the year ended 31 December 2021 was RMB1,045,191 (2020: RMB999,400). As at 31 December 2021, the amount due from Manager was RMB287,877 (2020: RMB234,396).

(b) Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, up to 1% per annum (current level at 0.3% per annum) with respect to the net asset value of the Sub-Fund calculated and accrued on each dealing day and is paid monthly in arrears.

The management fee for the year ended 31 December 2021 was RMB94,601 (2020: RMB111,317). As at 31 December 2021, a management fee of RMB4,564 (2020: RMB9,250) was payable to the Manager.

(c) Bank deposits and investments held by the Trustee's affiliates

The investments and bank balances deposited with the Trustee's affiliates as at 31 December 2021 and 31 December 2020 are summarised below.

	Notes	2021 RMB	2020 RMB
<u>Investments</u>			
HSBC Bank (China) Company Limited ("HSBC Bank (China)")	7	15,513,429	34,502,774
<u>Bank balances</u>			
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	9	443,922	1,316,769
HSBC Bank (China) Company Limited ("HSBC Bank (China)")	9	162,139	100,780

For the year ended 31 December 2021, interest income of RMB3,510 (2020: RMB4,110) was recognised from the bank deposits with Trustee's affiliates.

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

(d) Trustee and registrar fees

The Trustee is entitled to receive a trustee fee of up to 1% per annum of the net asset value of the Sub-Fund, accrued daily and calculated as at each dealing day and payable monthly in arrears. The trustee fee is calculated as a percentage per annum of the net asset value of the Sub-Fund at the rates as follows, subject to a monthly minimum of RMB38,000:

	Trustee fee percentage per annum
For the first RMB500 million	0.08%
Thereafter	0.06%

Trustee and registrar fees for the year ended 31 December 2021 were RMB456,665 (2020: RMB460,354). As at 31 December 2021, trustee fees of RMB51,517 (2020: RMB38,624) were payable to the Trustee.

Trustee fee may be increased by agreement with the Manager up to the maximum on giving one month's notice to Unitholders. The Trustee is also entitled to an inception fee of RMB24,300 for the establishment of the Sub-Fund.

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

The Trustee (acting as the Registrar) is also entitled to a fee of RMB95 per participating dealer per transaction and an administration transaction fee of RMB6,300 per participating dealer per transaction, for handling any creation and redemption of units of the Sub-Fund.

(e) Safe custody and bank charges

The Trustee is entitled to receive custodian fees from the Sub-Fund at a current rate of 0.055% per annum, calculated monthly and paid monthly in arrears.

The custodian fees for the year ended 31 December 2021 were RMB19,222 (2020: RMB24,452). As at 31 December 2021 and 31 December 2020, no custodian fee was payable to the Trustee.

NOTES TO THE FINANCIAL STATEMENTS

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

(f) Accounting professional fees

The Trustee is entitled to receive an accounting fee from the Sub-Fund for preparing the interim and year-end financial statements.

The accounting fee for the year ended 31 December 2021 was RMB60,900 (2020: RMB60,900). As at 31 December 2021, the accounting fee of RMB40,600 (2020: RMB40,600) was payable to the Trustee.

(g) Transaction fees

The Trustee is entitled to receive a transaction fee of RMB221 for each purchase and sale through the China Interbank Bond Market. The transaction fee for the year ended 31 December 2021 was RMB2,873 (2020: RMB2,873). As at 31 December 2021, there was no transaction fee (2020: nil) payable to the Trustee.

(h) Investment transactions with connected persons of the Manager

For the year ended 31 December 2021, there was no broker commission through CITIC Securities Co. Ltd., a fellow subsidiary of the Manager (2020: nil).

	Aggregate value of purchases and sales of securities RMB	Total commission paid RMB	% of the Sub-Fund's total transactions during the period %	Average commission rate %
For the year ended 31 December 2021				
CITIC Securities Co. Ltd.	17,590,648	-	31.50%	-
For the year ended 31 December 2020				
CITIC Securities Co. Ltd.	4,980,310	-	7.62%	-

(i) Investment transactions with connected persons of the Trustee

For the year ended 31 December 2021, there was no broker commission through HSBC Bank (China), a fellow subsidiary of the Trustee (2020: nil).

	Aggregate value of purchases and sales of securities RMB	Total commission paid RMB	% of the Sub-Fund's total transactions during the period %	Average commission rate %
For the year ended 31 December 2021				
HSBC Bank (China)	38,253,402	-	68.50%	-
For the year ended 31 December 2020				
HSBC Bank (China)	30,185,630	-	46.17%	-

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5. TRANSACTION FEES

The amount represented transaction fees incurred for purchases and sales of units and charged by the relevant brokers as disclosed in note 4(g) to the financial statements.

6. INCOME TAX

PRC tax

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend/interest income) imposed on securities issued by PRC tax resident enterprises.

Distribution tax

A 10% PRC withholding tax has been levied on dividend and interest payments from PRC companies to foreign investors. The Sub-Fund is subject to a distribution tax of 10%. There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future.

According to Circular Caishui [2018] 108 ("Circular 108"), foreign institutional investors are temporarily exempt from PRC withholding income tax with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. The exemption period was extended to 31 December 2025 in accordance with Circular Caishui [2021] 34 ("Circular 34"). The Manager of Sub-Fund had temporarily ceased to make any provision in respect of withholding tax on the bond interest income received by the Sub-Fund from its investments up to and including 31 December 2021.

For the year ended 31 December 2021, the distribution tax expense was RMB142 (2020: RMB182).

Value-added tax

According to Circular Caishui [2016] 36 ("Circular 36"), interest income received from investment in non-government bonds is subject to PRC value-added tax ("VAT") at 6% from 1 May 2016 onwards. If the investors are non-PRC residents, the PRC VAT should technically be withheld by PRC bond issuers, unless the PRC authorities would clarify otherwise. Circular 36 does not mention whether asset management products should be subject to VAT.

Subsequently, Circular Caishui [2016] 140 ("Circular 140") and Circular Caishui [2017] 2 ("Circular 2") were issued. However, there was still a lack of clarification on whether asset management products should be subject to VAT. Later on, Circular Caishui [2017] 56 was issued. There was a clarification about Circular 36, stipulating that PRC VAT shall be applied to non-government bond interest received by offshore asset management products on or after 1 May 2016. It also stipulated that asset management products would be subject to VAT starting from 1 January 2018.

The prevailing VAT regulations do not specifically exempt VAT on interest income received by Qualified Foreign Institutional Investors (the "QFIIs"), RMB Qualified Foreign Institutional Investors (the "RQFIIs") and qualified foreign financial institutions for directly investing in the China Interbank Bond Market or via Bond Connect (the "CIBM investor") from investments in PRC debt securities. Interest receipts from investments in PRC debt securities by QFIIs, RQFIIs and CIBM investors shall be subject to 6% VAT unless special exemption applies. In addition, there are also other local surtaxes that would amount to as high as 12% of VAT liabilities. The State Administration of Taxation is working on the implementation rule for the VAT collection in relation to asset management products. Currently in practice, PRC bond issuers have not withheld PRC VAT and local surcharges when paying non-government bond interest to offshore asset management products.

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6. INCOME TAX (continued)

PRC tax (continued)
Value-added tax (continued)

Interest income derived from government bonds issued by the Ministry of Finance, or bonds issued by local government of a province, autonomous region, municipality directly under the Central Government or municipality separately listed on the state plan as approved by the State Council ("Government Bonds") is exempt from PRC withholding tax and VAT. According to Circular 36 and Caishui [2016] 46, deposit interest income is not subject to VAT.

According to Circular 108, foreign institutional investors are temporarily exempt from PRC VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. The exemption period was extended to 31 December 2025 in accordance with Circular 34. The Manager had temporarily ceased to make any provision in respect of VAT and other surtaxes on VAT on the bond interest income received by the Sub-Fund from its investments up to and including 31 December 2021.

For the year ended 31 December 2021, there were no PRC VAT and local surcharges on non-government bond interest received (2020: nil).

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 RMB	2020 RMB
Financial assets at fair value through profit or loss		
- debt securities	<u>15,513,429</u>	<u>34,502,774</u>

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the period end date.

The Sub-Fund utilises the last traded market price for financial assets where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value.

The Sub-Fund's fair value measurement assumes that the asset or liability is exchanged in an orderly transaction between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

When a price for an identical asset or liability is not observable, the Sub-Fund measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, the Sub-Fund's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

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8. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a fair value measurement shall assume that a transaction takes place at that date, considering from the perspective of a market participant that holds the asset or owes the liability. That assumed transaction establishes a basis for estimating the price to sell the asset or to transfer the liability.

The price recorded by the Trustee was based on the quote from Intercontinental Exchange, Inc.

Valuation techniques

Financial instruments traded in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. All debt securities were classified as Level 2 in 2021 and 2020.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value as at 31 December 2021 and 31 December 2020.

	Quoted prices in active markets Level 1 RMB	Significant observable inputs Level 2 RMB	Significant unobservable inputs Level 3 RMB	Total RMB
31 December 2021				
<u>Financial assets at fair value through profit or loss</u>				
- Debt securities	-	15,513,429	-	15,513,429
31 December 2020				
<u>Financial assets at fair value through profit or loss</u>				
- Debt securities	-	34,502,774	-	34,502,774

There are no investments classified within Level 1 and Level 3 and no transfers between levels during the years ended 31 December 2021 and 31 December 2020.

9. CASH AND CASH EQUIVALENTS

	2021 RMB	2020 RMB
Cash at banks	606,061	1,417,549

Cash at banks was with HSBC and HSBC Bank (China) Company Limited, affiliate companies of the Trustee of the Sub-Fund. The bank accounts are interest-bearing accounts. The carrying amount of the cash at banks approximates to its fair value.

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10. THE REDEEMABLE UNITS

	2021 Units	2020 Units
Number of units at the beginning of the year	350,000	400,000
Units issued	100,000	150,000
Units redeemed	<u>(300,000)</u>	<u>(200,000)</u>
Number of units at the end of the year	<u>150,000</u>	<u>350,000</u>

The creation and redemption of units of the Sub-Fund can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer.

The Trustee shall receive subscription proceeds from the participating dealers for the creation of units and pay redemption proceeds for the redemption of units to the relevant participating dealer in such form and manner as prescribed by the Trust Deed.

Units are denominated in base currency and no fractions of a unit shall be created or issued by the Trustee. Units of the Sub-Fund are offered and issued at their dealing net asset value only in aggregation of a specified number of application units ("Application Unit"). Units are redeemable only in an Application Unit or the multiple thereof at the dealing net asset value. Currently, creation and redemption of units will be effected in cash only.

A reconciliation of the net assets attributable to unitholders of redeemable units as reported in the statement of financial position to the net assets attributable to unitholders of redeemable units as determined for the purposes of processing unit subscriptions and redemptions is provided below:

	2021 RMB	2020 RMB
Net assets attributable to unitholders as at the last business day for the year (calculated in accordance with the Prospectus)	16,155,151	36,617,318
Adjustments for formation costs (Note)	<u>(181,746)</u>	<u>(317,132)</u>
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>15,973,405</u>	<u>36,300,186</u>
Net assets attributable to unitholders (per unit) as at the last business day for the year (calculated in accordance with the Prospectus)	<u>107.7010</u>	<u>104.6209</u>
Net assets attributable to unitholders (per unit) (calculated in accordance with IFRSs)	<u>106.4894</u>	<u>103.7148</u>

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10. THE REDEEMABLE UNITS (continued)

Note:

The published net assets are calculated in accordance with the Prospectus where formation costs are capitalised and to be amortised over the first five years of the operation of the Sub-Fund, while for the net assets attributable to unitholders per IFRSs, the preliminary expenses had to be deducted as they were incurred in the inception year. The unamortised amount was RMB181,746 (2020: RMB317,132) and the remaining period was 17 months (2020: 29 months) as at 31 December 2021.

11. DISTRIBUTIONS

	Distribution per unit RMB	RMB
Undistributed income at 1 January 2020		-
Total comprehensive income		1,149,640
Less: Net gains on financial assets at fair value through profit or loss		<u>(55,168)</u>
Undistributed income before distribution		1,094,472
Interim distribution declared		
on 7 January 2020 (paid on 31 January 2020)	0.65	(227,500)
on 8 April 2020 (paid on 29 April 2020)	0.65	(227,500)
on 10 July 2020 (paid on 31 July 2020)	0.60	(210,000)
on 8 October 2020 (paid on 30 October 2020)	0.55	(192,500)
Transfer to capital		<u>(236,972)</u>
Undistributed income at 31 December 2020 and 1 January 2021		-
Total comprehensive income		1,537,499
Less: Net gains on financial assets at fair value through profit or loss		<u>(644,600)</u>
Undistributed income before distribution		892,899
Interim distribution declared		
on 8 January 2021 (paid on 29 January 2021)	0.50	(175,000)
on 9 April 2021 (paid on 30 April 2021)	0.50	(225,000)
on 9 July 2021 (paid on 30 July 2021)	0.55	(137,500)
on 7 October 2021 (paid on 29 October 2021)	0.55	(137,500)
Transfer to capital		<u>(217,899)</u>
Undistributed income at 31 December 2021		<u>-</u>

The Manager may in its absolute discretion distribute income to unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year. The amount to be distributed to unitholders, if any, will be derived from the net income of the Sub-Fund.

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Investment in the Sub-Fund is subject to market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The performance of the Sub-Fund will be affected by a number of risk factors, including the following:

Market risk

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and indirectly observable variables such as volatilities and correlations. Market risk includes factors such as changes in economic environment, consumption pattern and investors' expectation, which may have a significant impact on the value of the investments. Market movement may therefore result in substantial fluctuation in the net asset value of redeemable units of the Sub-Fund.

The maximum risk resulting from financial instruments equals their fair value.

The Sub-Fund assumes market risk in trading activities. The Sub-Fund classifies market risk into price risk, interest rate risk, and foreign exchange risk.

Price risk

The Sub-Fund's market price risk 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. However, this does not represent a prediction of the future movement in the corresponding key markets.

	Carrying value of financial assets at fair value through profit or loss RMB	% of net assets %	Increase/ (decrease) in shift in securities %	Increase/ (decrease) in estimated possible change in net asset value RMB
31 December 2021				
Financial assets at fair value through profit or loss	15,513,429	97.12%	1 (1)	155,134 (155,134)
31 December 2020				
Financial assets at fair value through profit or loss	34,502,774	95.05%	1 (1)	345,028 (345,028)

NOTES TO THE FINANCIAL STATEMENTS

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk

Interest rate risk arises from the effects of fluctuations of market interest rates on the fair value of interest-bearing assets and future cash flows.

As the Sub-Fund has invested in debt securities whose values are driven significantly by changes in interest rates, the Sub-Fund is subject to interest rate risk. When interest rates rise, the value of previously acquired debt securities will normally fall because new debt securities acquired will pay a higher rate of interest. In contrast, if interest rates fall, then the value of the previously acquired debt securities will normally rise. The Manager regularly assesses the economic condition and monitors changes in interest rate outlook to control the impact of interest rate risk. In a rising interest rate environment, the Sub-Fund will acquire debts with a shorter maturity profile to minimise the negative impact on the portfolio.

The majority of interest rate exposure arises on investments in debt securities. All of the Sub-Fund's investments in debt securities carry fixed interest rates.

The following table demonstrates the sensitivity of the Sub-Fund's profit for the years ended 31 December 2021 and 31 December 2020 to a reasonably possible change in interest rate, with all other variables held constant.

	Change in basis points	(Decrease)/ increase in sensitivity of change in fair value of investments RMB
31 December 2021		
- Debt securities	25	(49,827)
- Debt securities	(25)	49,827
31 December 2020		
- Debt securities	25	(80,650)
- Debt securities	(25)	80,650

The Sub-Fund also has interest-bearing bank deposits. As the bank deposits have maturity dates falling within three months, the Manager considers the movement in interest rates will not have significant cash flow impact on NAV for the years ended 31 December 2021 and 31 December 2020, and therefore no sensitivity analysis on bank deposits is presented.

NOTES TO THE FINANCIAL STATEMENTS

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Sub-Fund holds assets and liabilities mainly denominated in RMB, the functional currency of the Sub-Fund. The Manager considers the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

Liquidity risk

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to daily cash redemptions of its redeemable units. Units are redeemable at the holder's option based on the Sub-Fund's net asset value per unit at the time of redemption, calculated in accordance with the Sub-Fund's Trust Deed. It is the Sub-Fund's policy that the Manager monitors the Sub-Fund's liquidity position on a daily basis.

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

Financial liabilities

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

Financial assets

Analysis of debt securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	On demand RMB'000	Less than 1 month RMB'000	1 to 3 months RMB'000	4 to 12 months RMB'000	Total RMB'000
31 December 2021					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	15,513	-	-	15,513
Interest receivables	-	-	150	127	277
Amount due from Manager	-	-	288	-	288
Cash and cash equivalents	606	-	-	-	606
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>606</u>	<u>15,513</u>	<u>438</u>	<u>127</u>	<u>16,684</u>
<u>Financial liabilities</u>					
Management fee payable	-	5	-	-	5
Trustee and registrar fees payable	-	51	-	-	51
Other payables and accruals	-	-	455	223	678
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>-</u>	<u>56</u>	<u>455</u>	<u>223</u>	<u>734</u>
31 December 2020					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	34,503	-	-	34,503
Interest receivables	-	171	145	361	677
Amount due from Manager	-	-	-	234	234
Cash and cash equivalents	1,418	-	-	-	1,418
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>1,418</u>	<u>34,674</u>	<u>145</u>	<u>595</u>	<u>36,832</u>
<u>Financial liabilities</u>					
Management fee payable	-	9	-	-	9
Trustee and registrar fees payable	-	39	-	-	39
Other payables and accruals	-	25	13	446	484
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>-</u>	<u>73</u>	<u>13</u>	<u>446</u>	<u>532</u>

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit and counterparty risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Sub-Fund by failing to discharge an obligation. The Sub-Fund is exposed to the risk of credit-related losses that can occur as a result of a counterparty or issuer being unable or unwilling to honour its contractual obligations. These credit exposures exist within debt instruments and cash and cash equivalents.

The Sub-Fund invested in PRC treasury bonds and policy bank bonds that carry a credit rating grade of A+ by Standard & Poor's ("S&P") or A1 by Moody's. If the issuer of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected.

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered to be minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at 31 December 2021, all of the Sub-Fund's financial assets were exposed to credit risk. These include investments and cash and cash equivalents placed with banks and the custodian. All of the Sub-Fund's debt securities have a credit rating of A+ by S&P.

Credit risk is managed by reviewing and monitoring the credit quality of debt securities held by the Sub-Fund or the issuers of the debt securities held by the Sub-Fund on an ongoing basis.

Credit risk arising from transactions with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered to be small due to the short settlement period involved and the high credit quality of the brokers used.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosure requirements or not.

Financial assets subject to IFRS 9's impairment requirements

The Sub-Fund's financial assets subject to the ECL model within IFRS 9 are only cash and cash equivalents, interest receivables and amount due from Manager. As at 31 December 2021, the total of cash and cash equivalents, interest receivables and amount due from Manager was RMB1,170,558 on which no loss allowance had been provided (2020: total of RMB2,329,043 on which no loss allowance had been provided). It is considered that there is no concentration of credit risk within these assets. No assets are considered to be impaired and no amounts have been written off in the year (2020: Nil).

For financial assets measured at amortised cost, the Sub-Fund applies the general approach for impairment, there is no information indicating that the financial asset had a significant increase in credit risk since initial recognition. The financial assets therefore are classified as stage 1 and presented in gross carrying amount.

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12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit and counterparty risk (continued)

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

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: cash and cash equivalents, interest receivables and amount due from Manager. All the Sub-Fund's cash and cash equivalents are held in major financial institutions located in Hong Kong and China, which the Manager believes are of high credit quality. The Manager considers the Sub-Fund is not exposed to significant credit risk and no loss allowance has been made.

Financial assets not subject to IFRS 9's impairment requirements

The Sub-Fund is exposed to credit risk on debt securities. This class of financial assets is not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets represents the Sub-Fund's maximum exposure to credit risk on financial instruments not subject to IFRS 9's impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the custodian. The table below summarises the Sub-Fund's assets placed with the custodian and their related credit rating:

	RMB	Credit rating	Source of credit ratings
31 December 2021			
<u>Custodian</u>			
HSBC Bank (China) Company Limited	15,513,429	A+	S&P
31 December 2020			
<u>Custodian</u>			
HSBC Bank (China) Company Limited	34,502,774	A+	S&P

The Manager of the Sub-Fund considers that none of these assets were impaired nor past due as at 31 December 2021 and 31 December 2020.

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13. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

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

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

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

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

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

According to Chapter 7.4 and 8.6(i) of the SFC Code, the Sub-Fund may invest all of its assets in Government and other public securities in any number of different issuers.

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

There were 6 (2020: 7) constituent securities that individually accounted for more than 10%, but less than 30% of the net asset value of the Sub-Fund as at 31 December 2021 as shown below:

As at 31 December 2021

	% of NAV
CHINA (GOVT OF) (SER INBK) (REG) 2 .85% 04/06/2027	12.64%
CHINA (GOVT OF) (SER INBK) (REG) 3 .02% 22/10/2025	12.72%
CHINA DEVELOPMENT BANK (REG) SER 1810 4.04% 06/07/2028	19.94%
CHINA DEVELOPMENT BANK (SER 2015) (REG) 3.7% 20/10/2030	19.58%
CHINA DEVELOPMENT BANK (SER 2105) (REG) 3.66% 01/03/2031	19.54%
EXPORT-IMPORT BANK CHINA (SER 1905) (REG) 3.28% 11/02/2024	12.70%

As at 31 December 2020

	% of NAV
AGRICUL DEV BANK CHINA (SER 2004) (REG) 2.96% 17/04/2030	13.03%
CHINA (GOVT OF) (SER INBK) (REG) 2.85% 04/06/2027	13.52%
CHINA (GOVT OF) (SER INBK) (REG) 2.68% 21/05/2030	13.22%
CHINA DEVELOPMENT BANK (REG) SER 1810 4.04% 06/07/2028	14.20%
CHINA DEVELOPMENT BANK (SER 1905) (REG) 3.48% 08/01/2029	13.64%
CHINA GOVERNMENT BOND (REG) 2.36% 02/07/2023	13.61%
EXPORT-IMPORT BANK CHINA (SER 1905) (REG) 3.28% 11/02/2024	13.83%

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14. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund for the years ended 31 December 2021 and 31 December 2020. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

15. SEGMENT INFORMATION

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

The Manager considers that the Sub-Fund has a single operating segment which is investments in securities. The objectives of the Sub-Fund are to track the performance of the Index and invest in some of the index constituents that are closely aligned with the characteristics of the tracked index.

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

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

The Sub-Fund has no assets classified as non-current assets. The Sub-Fund has portfolios that closely correspond to the security weight and industry weight of its tracked index.

16. EVENTS AFTER THE REPORTING PERIOD

During the period between the year end and the date of authorisation of these financial statements, there were subscription of 150,000 units of the Sub-Fund.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 25 March 2022.

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INVESTMENT PORTFOLIO

31 December 2021

	Holdings (units)	Fair Value (RMB)	% of net assets
LISTED BONDS			
China			
CHINA (GOVT OF) (SER INBK) (REG) 2.85% 04/06/2027	2,000,000	2,018,857	12.64
CHINA (GOVT OF) (SER INBK) (REG) 3.02% 22/10/2025	2,000,000	2,032,239	12.72
CHINA DEVELOPMENT BANK (REG) SER 1810 4.04% 06/07/2028	3,000,000	3,185,108	19.94
CHINA DEVELOPMENT BANK (SER 2015) (REG) 3.7% 20/10/2030	3,000,000	3,128,365	19.58
CHINA DEVELOPMENT BANK (SER 2105) (REG) 3.66% 01/03/2031	3,000,000	3,121,020	19.54
EXPORT-IMPORT BANK CHINA (SER 1905) (REG) 3.28% 11/02/2024	2,000,000	2,027,840	12.70
Total investment portfolio (cost: RMB14,992,538)		<u>15,513,429</u>	<u>97.12</u>
Other net assets		459,976	2.88
Total net assets		<u><u>15,973,405</u></u>	<u><u>100.00</u></u>

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MOVEMENTS IN INVESTMENT PORTFOLIO

Year ended 31 December 2021

	At 1 January 2021	Movement in holdings		At 31 December 2021
		Additions	Disposals	
LISTED BONDS				
China				
AGRICUL DEV BANK CHINA (SER 2004) (REG) 2.96% 17/04/2030	5,000,000	-	(5,000,000)	-
CHINA (GOVT OF) (SER INBK) (REG) 2.85% 04/06/2027	5,000,000	-	(3,000,000)	2,000,000
CHINA (GOVT OF) (SER INBK) (REG) 3.02% 22/10/2025	-	5,000,000	(3,000,000)	2,000,000
CHINA (GOVT OF) (SER INBK) (REG) 2.68% 21/05/2030	5,000,000	-	(5,000,000)	-
CHINA DEVELOPMENT BANK (REG) SER 1810 4.04% 06/07/2028	5,000,000	-	(2,000,000)	3,000,000
CHINA DEVELOPMENT BANK (SER 1905) (REG) 3.48% 08/01/2029	5,000,000	-	(5,000,000)	-
CHINA DEVELOPMENT BANK (SER 2015) (REG) 3.70% 20/10/2030	-	10,000,000	(7,000,000)	3,000,000
CHINA DEVELOPMENT BANK (SER 2105) (REG) 3.66% 01/03/2031	-	3,000,000	-	3,000,000
CHINA GOVERNMENT BOND (REG) 02/07/2023 CHINA INTERBANK	5,000,000	-	(5,000,000)	-
EXPORT-IMPORT BANK CHINA (SER 1905) (REG) 3.28% 11/02/2024	5,000,000	-	(3,000,000)	2,000,000
Total of fixed income securities	<u>35,000,000</u>	<u>18,000,000</u>	<u>(38,000,000)</u>	<u>15,000,000</u>

ChinaAMC Bloomberg China Treasury + Policy Bank Bond Index ETF
 (formerly known as ChinaAMC Bloomberg Barclays China Treasury + Policy Bank Bond Index ETF)
 (a sub-fund of ChinaAMC Global ETF Series)

PERFORMANCE RECORD

Year ended 31 December 2021

1) Net Asset Value

	Net asset value per unit RMB	Total net asset value RMB
As at:		
31 December 2021	106.4894	15,973,405
31 December 2020	103.7148	36,300,186
31 December 2019	103.4800	41,391,981

2) Highest issue and lowest redemption prices per unit

	Highest issue unit price RMB	Lowest redemption unit price RMB
During the year ended 31 December 2021	107.70	103.64
During the year ended 31 December 2020	108.96	103.17
During the year ended 31 December 2019	104.71	102.22
During the period from 6 June (date of inception) December 2018	103.58	99.57

3) Comparison of the scheme performance and the actual Index performance¹

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

	The Index	RMB counter of the Sub-Fund	HKD counter of the Sub-Fund	USD counter of the Sub-Fund
During the year/period ended 31 December 2021	5.72%	4.42%	6.97%	4.22% ²
During the year ended 31 December 2020	3.03%	0.43%	7.18%	-
During the year ended 31 December 2019	4.63%	0.97%	-1.02%	-
During the period from 6 June 2018 (date of inception) to 31 December 2018	5.42%	2.85%	-3.97%	-

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

² For the period from 30 June 2021 to 31 December 2021

