

ChinaAMC Global ETF Series II

ChinaAMC Hong Kong Banks ETF

Termination Audit Report

For the period from 1 January 2023 to
15 March 2024 (date of termination)



华夏基金
ChinaAMC

CHINAAMC GLOBAL ETF SERIES II

ChinaAMC Hong Kong Banks ETF

Stock Code: 3143

15 March 2024 (date of termination)

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Administration and management

Manager

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

Directors of the Manager

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

Trustee

State Street Trust (HK) Limited
68/F, Two International Finance Center
8 Finance Street
Central
Hong Kong

Administrator and Custodian

State Street Bank and Trust Company
68/F, Two International Finance Center
8 Finance Street
Central
Hong Kong

Investment Delegate

Mackenzie Financial Corporation
180 Queen Street West
Toronto, Ontario
M5V-3K1
Canada

Legal Counsel to the Manager

Deacons
5th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Registrar

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

Auditor

KPMG
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Service Agent

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

Participating Dealers

Please refer to the Manager's website
<https://www.chinaamc.com.hk>, for the latest list
of participating dealers.

ChinaAMC Hong Kong Banks ETF

a sub-fund of ChinaAMC Global ETF Series II

Report of the Manager to the unitholders

Introduction

The ChinaAMC Hong Kong Banks ETF (the “Sub-Fund”) is a sub-fund of ChinaAMC Global ETF Series II, an umbrella unit trust established under Hong Kong law by a trust deed dated 17 October 2014 between BMO Global Asset Management (Asia) Limited and Cititrust Limited. Cititrust Limited retired and was replaced by State Street Trust (HK) Limited (the “Trustee”) on 25 November 2019. BMO Global Asset Management (Asia) Limited was retired and China Asset Management (Hong Kong) Limited (the “Manager”) was appointed as manager with effect from 28 May 2021. The Sub-Fund is a passively-managed ETF falling within Chapter 8.6 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 HKD counter (stock code: 3143) commenced trading on the SEHK on 13 November 2014. The Sub-Fund is an index-tracking fund that seeks to track the performance of the NASDAQ Hong Kong Banks™ Index (the “Index”).

The Manager intends to adopt primarily a full replication strategy to achieve the investment objective of the Sub-Fund. The Manager may however, in the appropriate circumstances, choose to use a representative sampling strategy. When the Sub-Fund adopts the full replication strategy, it will invest in substantially all the Index securities constituting the Index in substantially the same weightings (i.e. proportions) as these Index securities have in the Index. When the Sub-Fund adopts the representative sampling strategy, it will invest, either directly or indirectly, in securities comprised in the Index, or in securities that are not included in its Index, but which the Manager believes will help the Sub-Fund achieve its investment objective. Investors should note that the Manager may switch between the full replication and representative sampling strategies without notice to investors and in its absolute discretion. The Manager will seek the prior approval of the SFC and provide at least one month’s prior notice to unitholders before adopting a strategy other than full replication or representative sampling strategy.

The Manager has appointed Mackenzie Financial Corporation (the “Investment Delegate”) as investment delegate of the Sub-Fund, whereby the Investment Delegate exercises investment discretion in respect of the investments of the Sub-Fund and is responsible for the selection and ongoing monitoring of the Sub-Fund’s investments pursuant to the above investment objective and strategy, subject to the oversight of the Manager.

On 31 October 2023, the Manager exercised its power to terminate the Sub-Fund and voluntarily seek deauthorisation from the SFC and delisting from the Stock Exchange of Hong Kong. As a result, the Sub-Fund has no assets or liabilities attributable thereto and no redeemable units in issue as at 15 March 2024 (the date of termination). With the completion of the termination, deauthorisation and delisting of the Sub-Fund has completed on 15 March 2024.

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 is a float adjusted modified market capitalisation weighted index which measures the performance of securities that are listed on the SEHK and classified as Banks by the Industry Classification Benchmark.

ChinaAMC Hong Kong Banks ETF

a sub-fund of ChinaAMC Global ETF Series II

Report of the Manager to the unitholders (continued)

The performance of the Sub-Fund is set out below (Total Returns in respective currency^{1,2}):

	1-Month	3-Month	Since Launch
The Index	2.85%	0.69%	24.46% ³
HKD Counter of the Sub-Fund (NAV-to-NAV)	2.94%	0.71%	19.86% ³
HKD Counter of the Sub-Fund (Mark-to-Market)	3.04%	1.34%	19.64% ³

¹ Source: Bloomberg, as of 15 February 2024 (last trading day). Performances of the benchmark Index and HKD Counter of the Sub-Fund are calculated in HKD. Past performance figures shown are not indicative of the future performance of the Sub-Fund.

² Since 28 May 2021, the Manager of the Sub-Fund changed from BMO Global Asset Management (Asia) Limited to China Asset Management (Hong Kong) Limited and the investment management function of the Sub-Fund has been delegated to Mackenzie Financial Corporation.

³ Calculated since 13 November 2014 until 15 February 2024 (last trading day).

ChinaAMC Hong Kong Banks ETF

a sub-fund of ChinaAMC Global ETF Series II

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 69,854 units from 1 January 2023 to 15 February 2024 (last trading day). As of 15 March 2024 (the date of termination), there were no units outstanding.

Report of the Trustee to the unitholders ChinaAMC Hong Kong Banks ETF

We hereby confirm that, in our opinion, the Manager of the sub-fund within the Trust (the "Sub-Fund") has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 17 October 2014, two deeds of retirement and appointment dated 3 June 2019 and 7 April 2021 respectively, and as amended by three supplemental deeds dated 21 November 2019, 21 November 2019 and 19 March 2020 respectively and the amended and restated trust deed made as of 28 May 2021 (collectively, the "Trust Deed"), for the period from 1 January 2023 to 15 March 2024 (date of termination).

)
) For and on behalf of
) State Street Trust (HK) Limited,
) Trustee
)
)

Independent Auditor's Report

To the Unitholders of ChinaAMC Hong Kong Banks ETF

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of ChinaAMC Hong Kong Banks ETF ("the Sub-Fund") set out on pages 10 to 30, which comprise the statement of assets and liabilities as at 15 March 2024 (date of termination), the revenue statement, the statement of movements in capital account and the cash flow statement for the period from 1 January 2023 to 15 March 2024 (date of termination) and notes to the financial statements, including material accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 15 March 2024 (date of termination) and of its financial performance and its cash flow for the period from 1 January 2023 to 15 March 2024 (date of termination) in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB").

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 ethical requirements that are relevant to our audit of the financial statements in Hong Kong, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to notes 1 and 2(b) to the financial statements which describe that the going concern basis of preparing the financial statements has not been used because all outstanding units of the Sub-Fund were redeemed and the Sub-Fund was terminated on 15 March 2024 (date of termination). Details about the basis of preparation of the financial statements are set out in note 2(b) to the financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matter

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.

We have determined that there are no key audit matters to communicate in our report.

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 all the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (continued)

Responsibilities of the Manager of the Sub-Fund for the Financial Statements

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

In preparing the financial statements, the Manager of the Sub-Fund is responsible for assessing the Sub-Fund's ability to continue as a going concern and disclosing matters related to going concern. The Manager considers that the Sub-Fund is no longer a going concern and has prepared the financial statements on the basis as set out in note 2(b) thereto.

In addition, the Manager of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed dated 17 October 2014, as amended ("the Trust Deed"), and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by 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. This 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 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 of the Sub-Fund.
- Conclude on the appropriateness of the Manager's judgement that the Sub-Fund is no longer a going concern based on the audit evidence obtained.
- 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.

Independent Auditor's Report (continued)

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

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

We also provide the Manager and the Trustee of the Sub-Fund 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 of the Sub-Fund, 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 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 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 Yiu Tsz Yeung, Arion.

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

10 July 2024

Statement of Assets and Liabilities as at 15 March 2024 (date of termination)

	Notes	As at 15 March 2024 (date of termination) HK\$	As at Year ended 31 December 2022 HK\$
Assets			
Financial assets at fair value through profit or loss			
Investment securities	5	-	59,480,011
Cash at bank	6(e)	-	170,717
		-	59,650,728
Liabilities			
Accruals and other payables	6(e)	-	26,229
		-	26,229
Net assets attributable to unitholders		-	59,624,499

Approved by the Manager on 10 July 2024

)
) For and on behalf of
) China Asset Management (Hong Kong) Limited,
) (“Manager”)
)
)

Revenue Statement for the period from 1 January 2023 to 15 March 2024 (date of termination)

		For the period from 1 January 2023 to 15 March 2024 (date of termination)	Year ended 31 December 2022
	Notes	HK\$	HK\$
Income			
Interest income on bank deposits	6(e)	5,681	-
Dividend income		5,093,125	5,834,191
Net losses from financial instruments at fair value through profit or loss	3	(6,046,295)	(8,155,283)
Net foreign exchange losses		<u>(39)</u>	<u>(9,702)</u>
Total net losses		<u>(947,528)</u>	<u>(2,330,794)</u>
Expenses			
Management fees	6(e)	(312,949)	(397,869)
Transaction costs	11	<u>(523,788)</u>	<u>(117,164)</u>
Total operating expenses		<u>(836,737)</u>	<u>(515,033)</u>
Net losses from operations		<u>(1,784,265)</u>	<u>(2,845,827)</u>
Net losses from operations before taxation		(1,784,265)	(2,845,827)
Taxation (including withholding tax)	4	<u>(360,580)</u>	<u>(457,261)</u>
Decrease in net assets attributable to unitholders and total comprehensive income for the period/year		<u>(2,144,845)</u>	<u>(3,303,088)</u>

The accompanying notes from part of these financial statements.

Statement of Movements in Capital Account for the period from 1 January 2023 to 15 March 2024 (date of termination)

	Notes	For the period from 1 January 2023 to 15 March 2024 (date of termination) Units	For the period from 1 January 2023 to 15 March 2024 (date of termination) HK\$	Year ended 31 December 2022 Units	Year ended 31 December 2022 HK\$
Net assets attributable to unitholders at the beginning of the period/year		9,200,000	59,624,499	12,200,000	82,845,096
Transaction with unitholders					
Subscription of units					
- Cash creation	8	23,400,000	166,446,974	1,900,000	14,134,652
Redemption of units					
- In-kind redemption and cash component	8	(9,000,000)	(62,256,000)	-	-
- Cash redemption	8	(23,600,000)	(158,006,628)	(4,900,000)	(29,582,161)
Net redemption of units		(9,200,000)	(53,815,654)	(3,000,000)	(15,447,509)
Decrease in net assets attributable to unitholders and total comprehensive income for the period/year		-	(2,144,845)	-	(3,303,088)
Distributions to unitholders during the period/year	10	-	(3,664,000)	-	(4,470,000)
Net assets attributable to unitholders at the end of the period/year		-	-	9,200,000	59,624,499

The accompanying notes from part of these financial statements.

Cash Flow Statement for the period from 1 January 2023 to 15 March 2024 (date of termination)

	Notes	For the period from 1 January 2023 to 15 March 2024 (date of termination) HK\$	Year ended 31 December 2022 HK\$
Operating activities			
Net losses from operations before taxation		(1,784,265)	(2,845,827)
Adjustments for:			
Interest income on bank deposits	6(e)	(5,681)	-
Dividend income		(5,093,125)	(5,834,191)
Net losses from financial instruments at fair value through profit or loss	3	<u>6,046,295</u>	<u>8,155,283</u>
Operating losses before changes in working capital		(836,776)	(524,735)
Payments for purchase of investment securities		(176,160,830)	(25,437,527)
Proceeds from sale of investment securities		167,887,846	40,362,287
Losses from sale of derivative financial instruments		(150)	(14,837)
Decrease in accruals and other payables		(26,229)	(5,110)
Dividend received, net of withholding tax		4,732,545	5,376,930
Interest received, net of withholding tax		<u>5,681</u>	-
Net cash (used in)/generated from operating activities		<u>(4,397,913)</u>	<u>19,757,008</u>
Financing activities			
Proceeds on subscription of units		166,446,974	14,134,652
Payments on redemption of units		(158,555,778)	(29,582,161)
Distribution paid to unitholders		<u>(3,664,000)</u>	<u>(4,470,000)</u>
Net cash generated from/(used in) financing activities		<u>4,227,196</u>	<u>(19,917,509)</u>
Net decrease in cash and cash equivalents		(170,717)	(160,501)
Cash and cash equivalents at the beginning of the period/year		<u>170,717</u>	<u>331,218</u>
Cash and cash equivalents at the end of the period/year	6(e)	<u>-</u>	<u>170,717</u>

The accompanying notes from part of these financial statements.

Notes to the financial statements

1 General information

ChinaAMC Global ETF Series II (the “Trust”), an umbrella unit trust established under Hong Kong law by a trust deed dated 17 October 2014 between BMO Global Asset Management (Asia) Limited and Cititrust Limited. Cititrust Limited retired and was replaced by State Street Trust (HK) Limited (the “Trustee”) on 25 November 2019. With effect from 28 May 2021, BMO Global Asset Management (Asia) Limited was retired and China Asset Management (Hong Kong) Limited (the “Manager”) was appointed as the Manager. The Trust and its sub-fund (the “Sub-Fund”) are authorised under Section 104 of the Hong Kong Securities and Futures Ordinance (the “SFO”) and the Sub-Fund falls within Chapter 8.6 of the Code on Unit Trusts and Mutual Funds issued by the SFC (the “SFC Code”). State Street Trust (HK) Limited has been appointed as the trustee, and the Trustee has appointed State Street Bank and Trust Company as the custodian of the Sub-Fund (the “Custodian”).

As at 15 March 2024 (date of termination), the name of the Sub-Fund, its relevant benchmarks and date of commencement of operations are set out as below:

Sub-Fund	Benchmark indices (“Underlying Index”)	Date of commencement of operations
ChinaAMC Hong Kong Banks ETF	NASDAQ Hong Kong Banks™ Index	13 November 2014

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of their respective benchmark index. There can be no assurance that the Sub-Fund will achieve its investment objective.

The Trust Deed does not contain any requirement that a combined set of financial statements for the Trust itself be prepared.

The Manager has appointed Mackenzie Financial Corporation as investment delegate of the Sub-Fund, whereby the Investment Delegate exercises investment discretion in respect of the investments of the Sub-Fund and is responsible for the selection and ongoing monitoring of the Sub-Fund’s investments in pursuit of the above investment objective, subject to the oversight of the Manager.

On 31 October 2023, the Manager exercised its power to terminate ChinaAMC Hong Kong Banks ETF and voluntarily seek deauthorisation from the SFC and delisting from Stock Exchange of Hong Kong. As a result, the Sub-Fund has no assets or liabilities attributable thereto and no redeemable units in issue as at 15 March 2024 (date of termination). Deauthorisation and delisting of the Sub-Fund were completed on 15 March 2024, and the financial statements covered the period from 1 January 2023 to 15 March 2024 (date of termination). The corresponding comparative amounts are for the statement of assets and liabilities as at 31 December 2022 and the revenue statement, the statement of movements in capital account and the cash flow statement for the year ended 31 December 2022. Accordingly, they may not be directly comparable with the amounts shown for the current period.

2 Material accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), the relevant provisions of the Trust Deed, and the relevant disclosure provisions of the SFC Code issued by the SFC. Material accounting policies adopted by the Sub-Fund are disclosed below.

The International Accounting Standards Board (“IASB”) has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Sub-Fund. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Sub-Fund for the current accounting period reflected in the financial statements.

(b) Basis of preparation of the financial statements

The financial statements are presented in Hong Kong dollars (“HK\$”), which is the reporting currency of the units in issue of the Sub-Fund. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

The preparation of financial statements in conformity with IFRSs requires the Manager and the Trustee (collectively the “Management”) to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

As explained in note 1, the Manager exercised its discretion to terminate the Sub-Fund and the Sub-Fund was fully redeemed. Accordingly, the Sub-Fund is no longer a going concern and assets are valued at their realisable amounts and liabilities are measured at their estimated settlement amounts.

(c) Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Sub-Fund. None of these standards or amendments impact on the accounting policies of the Sub-Fund.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The financial statements are presented in Hong Kong dollars, which is the Sub-Fund’s functional and presentation currency.

2 Material accounting policies (continued)

(d) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses arising from translation are included in the Revenue Statement.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the Revenue Statement within “net foreign exchange gains/(losses)”.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the Revenue Statement within “net gains/(losses) from financial instruments at fair value through profit or loss”.

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

(i) Classification

Assets

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

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the Revenue Statement.

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

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the Revenue Statement within “net gains/(losses) from financial instruments at fair value through profit or loss” in the period in which they arise.

(iii) Fair value estimation

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 of financial assets traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities 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, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives and suspended equity securities) is determined using broker quotes or valuation techniques based on the Manager’s judgments and estimates.

2 Material accounting policies (continued)

(e) Financial assets at fair value through profit or loss (continued)

(iv) Transfers between levels of the fair value hierarchy

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

(f) Due from and due to brokers

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

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

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in liabilities in the Statement of Assets and Liabilities.

(h) Other receivables

Other receivables are recognised initially at fair value and are subsequently measured at amortised cost. The other receivables balance is held for collection.

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

(i) Accruals and other payables

Accruals and other payables are recognised initially at fair value and subsequently stated at amortised cost using effective interest method.

(j) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest income on bank deposits.

2 Material accounting policies (continued)

(k) Dividend income

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

(l) Transaction costs

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

(m) Establishment cost

The establishment costs of the Sub-Fund consist of costs incurred to establish the Sub-Fund and enable it to do business legally. The establishment costs are borne by the Manager.

(n) Redeemable units

The Sub-Fund issues redeemable units, which are redeemable at the holder's option. These units represent puttable financial instruments of the Sub-Fund. The Sub-Fund classifies the puttable financial instruments as equity in accordance with IAS 32 (Amendment), "Financial instruments: Presentation" as those puttable financial instruments meet all the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value of the Sub-Fund;
- the puttable financial instruments are the most subordinate units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset other than the obligation on the issuer to repurchase; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Fund.

In accordance with the Prospectus of the Sub-Fund, the Sub-Fund has one class of redeemable units in issue. Units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to the unitholders with the total number of outstanding units. The basis adopted by the Sub-Fund in arriving at the net asset value per unit for issue and redemption purpose during the period/year may not be the same as the accounting policies adopted by the Sub-Fund for the preparation of financial statements.

(o) Subscriptions and redemptions

The Sub-Fund recognises unitholders' subscriptions and allot units upon receipt of a valid subscription application and derecognise them upon receipt of a valid redemption application.

(p) Distributions to holders of redeemable units

Distributions to unitholders of redeemable units are recognised in the Statement of Movements in Capital Account and presented in note 10.

Distributions to unitholders are recognised in accordance with the Trust Deed, with over-distributions in one period permitted to be adjusted as a deduction of distributions to unitholders in the following period.

2 Material accounting policies (continued)

(q) Taxation

The Sub-Fund currently incurs withholding taxes imposed by PRC and other jurisdictions on investment income. Such income is recorded gross of withholding taxes in the Revenue Statement. Withholding taxes are included as taxation in the Revenue Statement.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Assets and Liabilities date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority.

(r) Related-party transactions

(a) A person, or a close member of that person's family, is related to the Sub-Fund if 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;

(b) An entity is related to the Sub-Fund if 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 a 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 party and the other entity is an associate of the third party;
- (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) 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);
- (vii) the entity is controlled or jointly controlled by a person identified in (a);
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2 Material accounting policies (continued)

(s) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Sub-Fund's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Sub-Fund's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 Net losses from financial instruments at fair value through profit or loss

	For the period from 1 January 2023 to 15 March 2024 (date of termination) HK\$	Year ended 31 December 2022 HK\$
Investment securities		
Net realised losses on investment securities	(11,045,449)	(5,952,740)
Net changes in unrealised gains/(losses) on investment securities	<u>4,999,304</u>	<u>(2,187,706)</u>
Total net losses on investment securities	<u>(6,046,145)</u>	<u>(8,140,446)</u>
Derivative financial instruments		
Net realised losses on derivative financial instruments	<u>(150)</u>	<u>(14,837)</u>
Total net losses on derivative financial instruments	<u>(150)</u>	<u>(14,837)</u>
	<u>(6,046,295)</u>	<u>(8,155,283)</u>

4 Taxation

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Sub-Fund was authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and are therefore exempted from profits tax under Section 26(1A) of the Hong Kong Inland Revenue Ordinance.

Capital gains tax

Realised gains on disposal of investment securities received by the Sub-Fund may be subject to capital gains tax imposed in the country in which the investment security is listed. Realised gains are recorded gross of such taxes and the capital gains tax is recognised in Revenue Statement as taxation as incurred.

Withholding tax

Interest income and dividend income received by the Sub-Fund may be subjected to certain withholding tax imposed in the country of origin. Interest income and dividend income are recorded gross of such taxes and the withholding tax is recognised in profit or loss as taxation expenses as incurred.

4 Taxation (continued)

Taxation in Revenue Statement represents:

	For the period from 1 January 2023 to 15 March 2024 (date of termination) HK\$	Year ended 31 December 2022 HK\$
Overseas withholding tax	<u>360,580</u>	<u>457,261</u>
Total	<u>360,580</u>	<u>457,261</u>

5 Investment securities

	As at 15 March 2024 (date of termination) HK\$	As at 31 December 2022 HK\$
Financial assets at fair value through profit or loss		
Equities	<u>-</u>	<u>59,480,011</u>
Total	<u>-</u>	<u>59,480,011</u>

6 Transactions with the Trustee, Manager and Connected Persons

The following is a summary of significant related party transactions or transactions entered into during the period/year between the Sub-Fund and its related parties including the Trustee, the Manager and their Connected Persons. Connected Persons are those as defined in the SFC Code. All transactions during the period/year between the Sub-Fund and related parties including the Trustee, the Manager and their Connected Persons were entered into in the ordinary course of business and on normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Sub-Fund did not have any other transactions with Connected Persons of the Manager or Trustee except for those disclosed below.

(a) The Sub-Fund employs a single management fee structure, in which the Sub-Fund pays all of its fees, costs and expenses as a single flat fee. The management fee is payable to the Manager who has taken into account the investment management and advisory services, trustee's and administrator's fees, registrar's fees, custodian's fees, auditor's fees, fees of service agents, ordinary legal and out-of-pocket expenses incurred by the Manager or the Trustee, costs and expenses of licensing indices, etc. The management fee does not include brokerage and transaction costs, fees and extraordinary items such as litigation expenses. The management fee is payable quarterly in arrears, calculated as a fixed percentage per annum of the net asset value of the Sub-Fund.

Effective from 1 November 2023, the management fee has been waived by the Manager until the date of termination.

As at 15 March 2024 (date of termination) and 31 December 2022, the directors and officers of the Manager did not hold any units in the Sub-Fund.

Information relating to these transactions is set out in note 6(e).

6 Transactions with the Trustee, Manager and Connected Persons (continued)

(b) The Trustee received the trustee fee and State Street Bank and Trust Company, which is a related party of the Trustee, received the administrator's fees, custodian's fees and out-of-pocket expenses from Manager. Information relating to these fees is set out in note 6(e). Interest-bearing bank accounts are maintained with State Street Bank and Trust Company. The Sub-Fund utilised the banking services in the ordinary course of banking and securities custodian business.

Information relating to balances outstanding as at the date of financial statements, the interest income earned, interest expenses and bank charges paid during the period/year is set out in note 6(e).

As at 15 March 2024 (date of termination) and 31 December 2022, the directors and officers of the Trustee did not hold any units in the Sub-Fund.

(c) Information relating to these outstanding foreign currency forward contracts as the date of financial statements is set out in note 6(e).

(d) ChinaAMC Hong Kong Banks ETF entered into foreign currency spot contracts with various counterparties including State Street Bank and Trust Company.

Net foreign exchange gains/(losses) relating to these foreign currency spot contracts during the year is set out in note 6(e).

(e) Information relating to related party transactions is set out below:

	For the period from 1 January 2023 to 15 March 2024 (date of termination) HK\$	Year ended 31 December 2022 HK\$
Rate of management fees	0.45%	0.45%
Management fees for the period/year	312,949	397,869
Management fees payable at the period/year end	-	22,345
Cash at bank at the period/year end	-	170,717
Interest income during the period/year	5,681	-
Units dealing fees payable at the period/year end	-	3,884
Fees received by Trustee and its related party from Manager for the period/year:		
Trustee's fees	22,306	22,082
Administrator's fees	712,350	470,770
Custodian's fees	229,709	106,421
Foreign currency forward contracts:		
Net foreign exchange gains	-	5,542

7 Soft dollar arrangements

No soft dollar arrangements were entered into with brokers, Manager and its Connected Persons by the Sub-Fund during the period/year ended 15 March 2024 (date of termination) and 31 December 2022.

8 Number of units issued and redeemed

	For the period from 1 January 2023 to 15 March 2024 (date of termination)	Year ended 31 December 2022
	Unit	Unit
Balance at the beginning of the period/year	9,200,000	12,200,000
Units issued during the period/year	23,400,000	1,900,000
Units redeemed during the period/year	<u>(32,600,000)</u>	<u>(4,900,000)</u>
Balance at the end of the period/year	<u>-</u>	<u>9,200,000</u>

9 Major non-cash transactions

In accordance with the Trust Deed, units of the Sub-Fund can be issued through an in-kind creation with the remaining balances in cash. For each creation or cancellation unit, the Sub-Fund receives or pays a security basket consisting of constituent shares as determined by the Manager on a daily basis. Each creation or cancellation unit consist of 500,000 units for the Sub-Fund. The Manager has discretion to accept any creation or cancellation units, below beforehand mentioned, given that it is in the multiple of 100,000 units.

During the period ended 15 March 2024 (date of termination), the Sub-Fund redeemed 9,000,000 units in exchange for application baskets and cash component consisting of the investments portfolio and cash valued at HK\$61,699,029 and HK\$556,971 respectively on the date of redemption. During the year ended 31 December 2022, the Sub-Fund did not receive in-kind creation instructions nor in-kind redemption instructions.

10 Distributions

	For the period from 1 January 2023 to 15 March 2024 (date of termination)	Year ended 31 December 2022
	HK\$	HK\$
Undistributed income at the beginning of the period/year	<u>3,847,080</u>	<u>3,362,558</u>
Interest income on bank deposits	5,681	-
Dividend income	5,093,125	5,834,191
Net foreign exchange losses excluding currency spot exchange	<u>(39)</u>	<u>(24,539)</u>
	<u>5,098,767</u>	<u>5,809,652</u>
Operating expenses included in distributable income (excluding transaction costs)	(312,949)	(397,869)
Taxation	<u>(360,580)</u>	<u>(457,261)</u>
	<u>(673,529)</u>	<u>(855,130)</u>
Profit for the period/year available for distribution	<u>4,425,238</u>	<u>4,954,522</u>
Distributions to unitholders	(3,664,000)	(4,470,000)
Transfer to capital	<u>(4,608,318)</u>	<u>-</u>
Undistributed income carried forward	<u>-</u>	<u>3,847,080</u>
Distribution history		
Distributions declared on 3 April 2023		
-HK\$0.0600 per unit on 8,800,000 units	528,000	-
Distributions declared on 5 October 2023		
-HK\$0.3200 per unit on 9,800,000 units	3,136,000	-
Distributions declared on 4 April 2022		
-HK\$0.0600 per unit on 13,300,000 units	-	798,000
Distributions declared on 6 October 2022		
-HK\$0.2700 per unit on 13,600,000 units	<u>-</u>	<u>3,672,000</u>
	<u>3,664,000</u>	<u>4,470,000</u>

11 Transaction costs

The following table sets out the details of transaction costs incurred during the period/year ended 15 March 2024 (date of termination) and 31 December 2022:

	For the period from 1 January 2023 to 15 March 2024 (date of termination) HK\$	Year ended 31 December 2022 HK\$
Brokerage fees	68,590	26,320
Other transaction cost (Stamp, levy)	<u>455,198</u>	<u>90,844</u>
	<u>523,788</u>	<u>117,164</u>

12 Financial instruments and associated risks

The Sub-Fund maintains investment portfolios in a variety of listed financial instruments as dictated by investment management strategies. The investment objective of the Sub-Fund disclosed in note 1.

The Sub-Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager has set out below the most important types of financial risks inherent in each type of financial instruments. The Manager would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Sub-Fund. Unitholders should note that additional information in respect of risks associated with investment in the Sub-Fund can be found in its offering document.

The asset allocation is determined by the Manager who manages and monitors the distribution of the assets to achieve the investment objective.

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

(a) Price risk

The Sub-Fund is exposed to price risk arising from changes in market prices, such as interest rates, foreign exchange rates, equity prices and credit spreads. It will affect the Sub-Fund's income or the fair value of their holdings of financial instruments. Price risk is managed by investing in a portfolio of different investments in accordance with the investment objective.

The Sub-Fund's securities are susceptible to market price risk arising from uncertainties about future price of the securities.

As at 15 March 2024 (date of termination), the Sub-Fund did not hold any investments and was not exposed to price risk.

12 Financial instruments and associated risks (continued)

(a) Price risk (continued)

As at 31 December 2022, the overall market exposures were as follows:

	2022 Fair value HK\$	% of net asset value
Financial assets at fair value through profit or loss		
Equities	<u>59,480,011</u>	<u>99.76%</u>
	<u>59,480,011</u>	<u>99.76%</u>

Price sensitivity

As at 31 December 2022, the impact of a 15% increase in value of the investments, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net asset values by an equal but opposite amount.

Sub-Fund	Benchmark indice	Estimated increase in net assets attributable to unitholders 2022 HK\$
ChinaAMC Hong Kong Banks ETF	NASDAQ Hong Kong Banks™ Index	8,922,002

(b) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of interest-bearing assets and liabilities, and therefore result in potential gain or loss to the Sub-Fund. The Sub-Fund's interest rate risk is managed on an ongoing basis by the Manager.

As at 15 March 2024 (date of termination), the Sub-Fund did not hold any interest-bearing assets or liabilities and therefore the Sub-Fund was not subject to significant interest rate risk.

12 Financial instruments and associated risks (continued)

(b) Interest rate risk (continued)

As at 31 December 2022, the Sub-Fund's exposures to interest rate risks as at period end as profiled by the interest sensitivity gap and the period in which interest-bearing assets and interest-bearing liabilities reprice or mature are shown in the table below.

As at 31 December 2022	1 year or less HK\$	over 1 year to 5 years HK\$	over 5 years to 10 years HK\$	over 10 years HK\$	Non-interest bearing HK\$	Total HK\$
Assets						
Investment securities	-	-	-	-	59,480,011	59,480,011
Cash at bank	170,717	-	-	-	-	170,717
Total Assets	170,717	-	-	-	59,480,011	59,650,728
Liabilities						
Accruals and other payables	-	-	-	-	26,229	26,229
Total liabilities	-	-	-	-	26,229	26,229
Interest sensitivity gap	170,717	-	-	-	59,453,782	59,624,499

(c) Currency risk

The Sub-Fund may invest in financial instruments and enter into transactions denominated in currencies other than their functional currency. Consequently, the Sub-Fund is exposed to risks that the exchange rate of their functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Sub-Fund's assets or liabilities denominated in currencies other than its functional currency.

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the value of that asset or liability. The Manager may mitigate this risk by using derivative financial instruments. The Manager monitors the Sub-Fund's currency exposure on an ongoing basis.

Currency sensitivity

As at 15 March 2024 (date of termination), the Sub-Fund did not hold any assets or liabilities, therefore, the Sub-Fund was not subject to currency risk.

As at 31 December 2022, the Sub-Fund did not invest in financial instruments or enter into transactions denominated in currencies other than its functional currency.

(d) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Sub-Fund, resulting in a financial loss to the Sub-Fund. It arises principally from derivative financial assets, amounts due from brokers, amounts receivable on subscription, dividend receivables, interest receivables and cash at bank.

12 Financial instruments and associated risks (continued)

(d) Credit risk (continued)

State Street Trust (HK) Limited is the Trustee of the Sub-Fund, and substantially all of the assets of the Sub-Fund including investments, cash at bank and dividend receivables are held by State Street Bank and Trust Company (the "Custodian"). Bankruptcy or insolvency of the Trustee or the Custodian may cause the Sub-Fund's rights with respect to the assets to be delayed or limited. The Trustee is a group company of State Street Bank and Trust Company, which has credit rating of Aa1 as determined by Moody's. The Manager mitigates the risk by monitoring the credit ratings and publicly available information on regular basis.

The Sub-Fund applies the HKFRS 9 general model for cash at bank to measure the expected credit losses, and the identified impairment loss was immaterial.

The Sub-Fund minimises exposure to credit risk by dealing with creditworthy counterparties and the Sub-Fund's management continuously monitors credit concentrations to reduce the associated risk.

As at 15 March 2024 (date of termination), the Sub-Fund did not hold any assets. Therefore, the Sub-Fund was not subject to credit risk.

(e) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Sub-Fund. The Sub-Fund's prospectus provides for the daily creation and redemption of units and it is therefore exposed to the liquidity of meeting unitholder redemptions daily.

The Sub-Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Sub-Fund's majority of investments are listed investments which are considered to have insignificant exposure to liquidity risk as they are all readily realisable marketable securities.

All financial liabilities disclosed in the Statement of Assets and Liabilities mature within three months from the date of the Statement of Assets and Liabilities.

The Sub-Fund's liquidity risk is managed on a daily basis by the Manager in accordance with the policies and procedures in place. The Sub-Fund's redemption policy allows redemption to be made by participating dealers with baskets of securities and a minor cash component or wholly with cash.

As at 15 March 2024 (date of termination), the Sub-Fund did not have any assets or liabilities, it was not subject to liquidity risk.

(f) Capital management

The Sub-Fund's capital as at the reporting date is represented by the respective net assets attributable to unitholders.

The Sub-Fund's objective in managing the capital is to ensure a stable and strong base to provide investment results that correspond closely to the return of the respective Underlying Index, with a balance for managing liquidity risk arising from the redemptions. The Manager manages the capital of the Sub-Fund in accordance with the Sub-Fund's investment objectives and policies stated in the Sub-Fund's Prospectus.

There were no changes in the policies and procedures during the period/year with respect to the Sub-Fund's approach to its capital management.

The Sub-Fund is not subject to externally imposed capital requirements during the period/year.

The amount and the movement of equity are stated in the Statement of Movements in Capital Account. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historical experience.

12 Financial instruments and associated risks (continued)

(f) Capital management (continued)

As at 15 March 2024 (date of termination), all units of the Sub-Fund were redeemed and no redeemable units outstanding.

13 Fair value information

The Sub-Fund's financial instruments are measured at fair value at the reporting date. Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range. For certain other financial instruments, including amounts due from brokers, amounts receivable on subscription, interest and dividend receivables, cash at bank, amounts due to brokers, amounts payable on redemption, accruals and other payables, the carrying amounts approximate fair values due to the short-term nature of these financial instruments.

Valuation of financial instruments

The Sub-Fund's accounting policy on fair value measurements is detailed in the material accounting policy in note 2(e)(iii).

The Sub-Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market price in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments but for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

When fair values of listed and quoted investments at the reporting date are based on quoted market prices or binding dealer price quotations in an active market, without any deduction for transactions costs, the instruments are included within Level 1 of the hierarchy. For all other financial instruments, their carrying amounts approximate fair value due to the short-term nature of these financial instruments.

Although the Sub-Fund believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

As at 15 March 2024 (date of termination), the Sub-Fund did not hold any financial instruments.

13 Fair value information (continued)

The following analyses financial instruments at fair value through profit or loss at the year ended 31 December 2022, by the level in the fair value hierarchy into which the fair value measurement is categorised.

As at 31 December 2022	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
Financial assets				
Investments:				
- Equity securities	59,480,011	-	-	59,480,011
	<u>59,480,011</u>	<u>-</u>	<u>-</u>	<u>59,480,011</u>

There were no transfers of financial instruments between Level 1 and Level 2, or transfers into or out of Level 3 during the period/year ended 15 March 2024 (date of termination) and 31 December 2022.

14 Segment information

The Manager makes the strategic resource allocation on behalf of the Sub-Fund and determines the operating segments based on the internal reporting used to make strategic decisions.

The Manager's asset allocation decisions are based on one single and integrated investment strategy for the Sub-Fund, and the Sub-Fund's performance is evaluated on overall basis. Accordingly, the Manager considers that the Sub-Fund has one single operating segment which is investing in a portfolio of financial instruments to generate investment returns in accordance with the investment objectives stipulated in the Prospectus.

All gains and losses generated from investments by the Sub-Fund are disclosed in note 3. The segment information provided to the Manager is the same as that disclosed in the Revenue Statement and the Statement of Assets and Liabilities.

The Sub-Fund is domiciled in Hong Kong. All of the Sub-Fund's income is derived from investments in securities which constitute the relevant tracked indices. The Sub-Fund's investments have been categorized by relevant geographical regions.

As at 15 March 2024 (date of termination), the Sub-Fund has no assets classified as non-current assets with nil investment.

As at 31 December 2022, 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 the relevant tracked indices.

15 Approval of the financial statements

The financial statements were approved and authorised for issue by the Trustee and the Manager on 10 July 2024.

Statement of movements in portfolio holdings For the period from 1 January 2023 to 15 March 2024 (date of termination) (Unaudited)

	<i>% of Net assets 2023</i>	<i>% of Net assets 2022</i>
Listed equities		
China	-	70.50
Hong Kong	-	4.56
United Kingdom	-	24.70
	<hr/>	<hr/>
Total listed equities	-	99.76
	<hr/>	<hr/>
Total investments	-	99.76
	<hr/>	<hr/>

Performance record (Unaudited)

(a) Price record

	Highest subscription price HK\$	Lowest redemption price HK\$
For the period from 1 January 2023 to 15 March 2024 (date of termination)	7.3135	5.9281
For the year ended 31 December 2022	8.0153	5.3447
For the year ended 31 December 2021	7.7866	6.4323
For the year ended 31 December 2020	8.3821	5.4126
For the year ended 31 December 2019	9.0213	7.5485
For the year ended 31 December 2018	10.9409	7.7930
For the year ended 31 December 2017	9.4435	7.5295
For the year ended 31 December 2016	8.0384	5.6638
For period from 13 November 2014 (date of commencement of operations) to 31 December 2015	10.1840	7.0336

(b) Total net asset value and net asset value per unit

	Total net asset value HK\$	Net asset value per unit HK\$
As at 15 March 2024 (date of termination)	-	-
As at 31 December 2022	59,624,499	6.4809
As at 31 December 2021	82,845,096	6.7906
As at 31 December 2020	37,804,393	6.6323
As at 31 December 2019	28,233,984	8.3041
As at 31 December 2018	132,862,759	8.0523
As at 31 December 2017	146,261,911	9.3758
As at 31 December 2016	110,709,985	7.4804
As at 31 December 2015	122,184,518	7.1873

(c) Performance of the Sub-Fund and the underlying indices

For the period from 1 January 2023 to 15 February 2024 (last trading date)	Performance
ChinaAMC Hong Kong Banks ETF	4.97%
NASDAQ Hong Kong Banks™ Index	5.33%

Past performance information is not indicative of future performance. Investors may not get back the full amount invested. The computation basis of the performance is based on NAV-To-NAV, with dividend reinvested. Investors should read the Prospectus of the Trust including the full text of the risk factors stated therein (such as the arrangement in the event that the Sub-Fund are delisted) in detail before making any investment decision.

