

## CICC Fund Series

### **CICC Bloomberg China Treasury 1-10 Years ETF**

Stock codes: 83079 (*RMB counter*), 3079 (*HKD counter*)

For the period from 1 January 2023 to 21 March 2024  
(date of termination)

<b>Contents</b>	<b>Page(s)</b>
Administration and management	1
Manager's report	2
Trustee's report	3
Independent auditor's report	4 – 7
Statement of assets and liabilities	8 – 10
Statement of comprehensive income	11
Statement of changes in net assets attributable to unitholders	12
Statement of cash flows	13 – 14
Notes to the financial statements	15 – 36
Statement of movements in portfolio holdings (Unaudited)	37
Performance record (Unaudited)	38
Statement of disclosure – ESG (Unaudited)	39

## Administration and management

### **Manager**

China International Capital Corporation  
Hong Kong Asset Management Limited  
29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

### **Legal Counsel to the Manager**

Deacons  
5/F, Alexandra House  
18 Chater Road  
Central  
Hong Kong

### **Auditor**

KPMG  
8/F, Prince's Building  
10 Chater Road  
Central  
Hong Kong

*Public Interest Entity Auditor registered in  
accordance with Accounting and Financial  
Reporting Council Ordinance*

### **Listing Agent**

China International Capital Corporation  
Hong Kong Securities Limited  
29/F, One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

### **Directors of the Manager**

Mr. Feng Ping (resigned on 20 February 2023)  
Mr. Lee Hung Hing (appointed on 18 January 2023)  
Mr. Lin Ning  
Ms. Ma Kui  
Mr. Wong King Fung (resigned on 30 November 2023)  
Mr. Xu Yicheng (appointed on 20 February 2023)

### **Trustee and Registrar**

Brown Brothers Harriman Trustee Services  
(Hong Kong) Limited  
13/F, Man Yee Building  
68 Des Voeux Road Central  
Central  
Hong Kong

### **Service Agent**

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

# Manager's report

## CICC Bloomberg China Treasury 1-10 Years ETF

### **Introduction**

The CICC Bloomberg China Treasury 1-10 Years ETF (the "Sub-Fund"), a sub-fund of the CICC Fund Series (the "Trust"), was launched on 7 December 2018 and commenced trading under the stock codes 3079 for the HKD counter and 83079 for the RMB counter on The Stock Exchange of Hong Kong Limited (the "SEHK") on 12 December 2018. The Sub-Fund is a Hong Kong unit trust authorised under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. The Sub-Fund is benchmarked against the Bloomberg China Treasury 1-10 Years Index. The manager of the Sub-Fund is China International Capital Corporation Hong Kong Asset Management Limited (the "Manager") and the trustee is Brown Brothers Harriman Trustee Services (Hong Kong) Limited (the "Trustee").

### **Performance of the Sub-Fund**

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Bloomberg China Treasury 1-10 Years Index (the "Index"). There can be no assurance that the Sub-Fund will achieve its investment objective.

On 10 November 2023, the Manager issued an announcement and notice of the proposed cessation of trading, termination, voluntary deauthorisation and delisting of CICC Bloomberg China Treasury 1-10 Years ETF. The Sub-fund was delisted from the SEHK and de-authorized from SFC on 21 March 2024 (the "Termination Date"). This report covers the reporting period from 1 January 2023 to 21 March 2024 for CICC Bloomberg China Treasury 1-10 Years ETF. The last trading day when investors might buy or sell units on the SEHK was 19 February 2024. Therefore, with effect from 20 February 2024, the Sub-fund ceased to track the Index, and would not be able to meet its investment objective of tracking the performance of the Index.

### **Activities of the Index**

The Bloomberg China Treasury 1-10 Years Index underwent review each month. The Sub-Fund uses representative sampling strategy by investing directly in a representative sample of bonds in the Bloomberg China Treasury 1-10 Years Index.

China International Capital Corporation Hong Kong Asset Management Limited

19 July 2024

## Trustee's report CICC Bloomberg China Treasury 1-10 Years ETF

We hereby confirm that, in our opinion, the Manager of the Sub-Fund within the Trust has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 5 November 2018, as amended from time to time, for the period from 1 January 2023 to 21 March 2024 (date of termination).

)  
) For and on behalf of  
) Brown Brothers Harriman Trustee  
) Services (Hong Kong) Limited,  
) Trustee  
)  
19 July 2024

# Independent auditor's report to the unitholders of CICC Bloomberg China Treasury 1-10 Years ETF

## **Opinion**

We have audited the financial statements of CICC Bloomberg China Treasury ETF 1-10 Years ETF ("the Sub-Fund") of CICC Fund Series (the "Trust") set out on pages 10 to 38, which comprise the statement of assets and liabilities as at 21 March 2024 (date of termination), the statement of comprehensive income, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the period from 1 January 2023 to 21 March 2024 (date of termination) and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund of the Trust as at 21 March 2024 (date of termination) and of its financial transactions and cash flows for the period from 1 January 2023 to 21 March 2024 (date of termination) in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB").

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB"). 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 Trust and its Sub-Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the Code") 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.

## **Emphasis of matter**

We draw attention to the fact that the Manager and the Trustee of the Trust and its Sub-Fund resolved to terminate the Sub-Fund and therefore the Sub-Fund is no longer considered to be a going concern. 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.

# Independent auditor's report to the unitholders of CICC Bloomberg China Treasury 1-10 Years ETF (continued)

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

The Manager and the Trustee of the Trust and its 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.

## **Responsibilities of the Manager and the Trustee of the Trust and its Sub-Funds**

The Manager and the Trustee of the Trust and its Sub-Fund are responsible for the preparation of the 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 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 of the Trust and its Sub-Fund are responsible for assessing the Trust and its Sub-Fund's ability to continue as a going concern and disclosing matters related to going concern. The Manager and the Trustee of the Trust and its Sub-Fund consider that the Sub-Fund is no longer a going concern and have prepared the financial statements on the basis as set out in note 2(b) thereto.

In additions, the Manager and the Trustee of the Trust and its Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed dated 5 November 2018, as amended ("Trust Deed") from time to time, 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.

# Independent auditor's report to the unitholders of CICC Bloomberg China Treasury 1-10 Years ETF (continued)

## **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 of the Trust 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 of Trust'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.
- Conclude on the appropriateness of the Manager's and the Trustee'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 to the unitholders of CICC Bloomberg China Treasury 1-10 Years ETF (continued)

## **Auditor's responsibilities for the audit of the financial statements (continued)**

We communicate with the Manager and the Trustee of the Trust and its 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.

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

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

*Certified Public Accountants*

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

19 July 2024

## Statement of assets and liabilities as at 21 March 2024 (date of termination) and 31 December 2022

	Note	21 March 2024 (date of termination) RMB	31 December 2022 RMB
<b>Assets</b>			
Financial assets at fair value through profit or loss	5,6(b)	—	73,933,530
Cash and cash equivalents	6(b)	—	845,246
Interest receivables		—	702,478
Expenses reimbursement receivables from the Manager	6(b)	—	362,134
Other receivables and prepayments		—	22,107
		<hr/>	<hr/>
<b>Total assets</b>		—	<b>75,865,495</b>
<b>Liabilities</b>			
Audit fee payables		—	(96,513)
Management fee payables	6(b)	—	(79,877)
Administration fee payables	6(b)	—	(109,402)
Trustee and registrar fees payables	6(b)	—	(15,644)
Custody fee payables	6(b)	—	(37,562)
Transaction costs payables	6(b)	—	(5,750)
Other payables and accruals		—	(136,937)
		<hr/>	<hr/>
<b>Total liabilities (excluding net assets attributable to unitholders)</b>		—	<b>(481,685)</b>
		<hr/>	<hr/>
<b>Net assets attributable to unitholders</b>		—	<b>75,383,810</b>

The notes on pages 15 to 36 form part of these financial statements.

Statement of assets and liabilities  
as at 21 March 2024 (date of termination)  
and 31 December 2022 (continued)

	Note	21 March 2024 (date of termination) RMB	31 December 2022 RMB
<b>Representing:</b>			
<b>Total equity</b>		<u>—</u>	<u>75,383,810</u>
<b>Total number of units in issue</b>	9	<u>—</u>	<u>650,000</u>
<b>Net asset value per unit</b>	9	<u>—</u>	<u>115.98</u>

The notes on pages 15 to 36 form part of these financial statements.

Statement of assets and liabilities  
as at 21 March 2024 (date of termination)  
and 31 December 2022 (continued)

Approved by the Manager and the Trustee on 19 July 2024

)  
) For and on behalf of  
) China International Capital Corporation  
) Hong Kong Asset Management Limited,  
) Manager  
)  
)  
) For and on behalf of  
) Brown Brothers Harriman Trustee Services  
) (Hong Kong) Limited,  
) Trustee  
)

## Statement of comprehensive income for the period from 1 January 2023 to 21 March 2024 (date of termination) and the year ended 31 December 2022

		<i>Period from 1 January 2023 to 21 March 2024 (date of termination)</i>	<i>Year ended 31 December 2022</i>
		RMB	RMB
<b>Income</b>			
Interest income		2,394,949	2,332,327
Expense reimbursements	6(a)	739,908	619,993
Net gains/(losses) from financial assets at fair value through profit or loss	3	679,023	(192,901)
Net foreign exchange losses		(4)	(26)
Net losses from duties and charges		(240)	(3,225)
<b>Total net income</b>		<b>3,813,636</b>	<b>2,756,168</b>
<b>Expenses</b>			
Management fee	6(b)	(164,462)	(159,130)
Custody fee	6(b)	(98,834)	(83,378)
Trustee and registrar fees	6(b)	(42,084)	(36,195)
Audit fee		(108,371)	(95,963)
Administration fee	6(b)	(307,512)	(262,888)
Transaction costs	8	(8,383)	(549)
Other operating expenses		(297,082)	(264,198)
<b>Total expenses</b>		<b>(1,026,728)</b>	<b>(902,301)</b>
Taxation	4	(198)	(749)
<b>Increase in net assets attributable to unitholders and total comprehensive income for the period/year</b>		<b>2,786,710</b>	<b>1,853,118</b>

The notes on pages 15 to 36 form part of these financial statements.

**Statement of changes in net assets attributable to unitholders  
for the period from 1 January 2023 to 21 March 2024  
(date of termination) and the year ended 31 December 2022**

		<i>Period from 1 January 2023 to 21 March 2024 (date of termination) RMB</i>	<i>Year ended 31 December 2022 RMB</i>
<b>Net assets attributable to unitholders at the beginning of the period/year</b>	10	75,383,810	79,315,657
Redemption of units	10	(11,857,020)	(5,784,965)
Distribution to unitholders	10	(66,313,500)	—
<b>Increase in net assets attributable to unitholders and total comprehensive income for the period/year</b>	10	<u>2,786,710</u>	<u>1,853,118</u>
<b>Net assets attributable to unitholders at the end of the period/year</b>	10	<u>—</u>	<u>75,383,810</u>
 <b>Units issued and redeemed</b>			
<b>Balance at the beginning of the period/year</b>		650,000	700,000
Redemption of units		<u>(650,000)</u>	<u>(50,000)</u>
<b>Balance at the end of the period/year</b>	9	<u>—</u>	<u>650,000</u>

The notes on pages 15 to 36 form part of these financial statements.

## Statement of cash flows for the period from 1 January 2023 to 21 March 2024 (date of termination) and the year ended 31 December 2022

	<i>Period from 1 January 2023 to 21 March 2024 (date of termination)</i>	<i>Year ended 31 December 2022</i>
	RMB	RMB
<b>Operating activities</b>		
<b>Increase in net assets attributable to unitholders and total comprehensive income for the period/year</b>	2,786,710	1,853,118
Adjustments for:		
Net (gains)/losses from financial assets and liabilities at fair value through profit or loss	(679,023)	192,901
<b>Operating gains before changes in working capital</b>	2,107,687	2,046,019
Purchase of financial assets and liabilities at fair value through profit or loss	—	(23,036,016)
Proceeds from sale of financial assets and liabilities at fair value through profit or loss	74,612,553	25,109,835
Decrease in interest receivables	702,478	43,296
Decrease in expenses reimbursement receivables from the Manager	362,134	10,711
Decrease in other receivables and prepayments	22,107	11,035
(Decrease)/increase in audit fee payables	(96,513)	4,478
(Decrease)/increase in management fee payables	(79,877)	27,264
(Decrease)/increase in administration fee payables	(109,402)	43,219
(Decrease)/increase in trustee and registrar fees payables	(15,644)	5,308
(Decrease)/increase in custody fee payables	(37,562)	15,078
Decrease in transaction costs payables	(5,750)	(4,875)
(Decrease)/increase in other payables and accruals	(136,937)	45,108
<b>Net cash flows generated from operating activities</b>	77,325,274	4,320,460

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

Statement of cash flows  
for the period from 1 January 2023 to 21 March 2024  
(date of termination) and the year ended 31 December 2022  
(continued)

	<i>Period from 1 January 2023 to 21 March 2024 (date of termination)</i>	<i>Year ended 31 December 2022</i>
	RMB	RMB
<b>Cash flows from financing activities</b>		
Payment for redemption of units	(11,857,020)	(5,784,965)
Distribution paid	(66,313,500)	—
<b>Net cash flows used in financing activities</b>	<u>(78,170,520)</u>	<u>(5,784,965)</u>
<b>Net decrease in cash and cash equivalents</b>	(845,246)	(1,464,505)
Cash and cash equivalents at the beginning of the period/year	<u>845,246</u>	<u>2,309,751</u>
<b>Cash and cash equivalents at the end of the period/year</b>	<u>—</u>	<u>845,246</u>
Analysis of cash and cash equivalents		
Cash at bank	<u>—</u>	<u>845,246</u>
Net cash flows from operating activities include:		
Interest income	<u>3,095,485</u>	<u>2,375,623</u>

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



## Notes to the financial statements

### 1 The Trust

CICC Fund Series (the “Trust”) is a Hong Kong umbrella unit trust established under a trust deed dated 5 November 2018 and as amended from time to time (the “Trust Deed”) between China International Capital Corporation Hong Kong Asset Management Limited (the “Manager”) and Brown Brothers Harriman Trustee Services (Hong Kong) Limited (the “Trustee”), and governed by the laws of Hong Kong. The Amended and Restated Trust Deed was dated on 12 November 2019, and further supplemented on 23 April 2020, 9 November 2020, 16 September 2021, 1 March 2022 and 5 July 2022.

As at 21 March 2024, there are six (31 December 2022: seven) Sub-Funds under the Trust. The names of the Sub-Funds, their relevant benchmark and date of commencement of operations are set out as below:

<i>Sub-Funds</i>	<i>Benchmark index</i>	<i>Date of commencement of operations</i>
CICC CSI Select 100 ETF*	CSI CICC Select 100 Index	30 November 2018
CICC Bloomberg China Treasury 1-10 Years ETF	Bloomberg China Treasury 1-10 Years Index	7 December 2018
ICBC CICC USD Money Market ETF	—	14 June 2019
CICC Hong Kong Equity Fund	—	14 May 2020
CICC HKD Money Market ETF	—	30 November 2020
CICC Carbon Futures ETF	ICE EUA Carbon Futures Index (Excess Return)	21 March 2022
CICC China Equity Fund	—	21 July 2022

\*The Sub-Fund was delisted from SEHK and deauthorized from SFC on 3 April 2023.

The dates of inception and the dates of listing on the Stock Exchange of Hong Kong of each Sub-Fund are set out below:

<i>Sub-Funds</i>	<i>Dates of inception</i>	<i>Dates of listing</i>
CICC Bloomberg China Treasury 1-10 Years ETF	7 December 2018	12 December 2018
ICBC CICC USD Money Market ETF	14 June 2019	18 June 2019
CICC Hong Kong Equity Fund	14 May 2020	N/A
CICC HKD Money Market ETF	30 November 2020	2 December 2020
CICC Carbon Futures ETF	21 March 2022	23 March 2022
CICC China Equity Fund	21 July 2022	N/A

These financial statements have been prepared for CICC Bloomberg China Treasury 1-10 Years ETF (the “Sub-Fund”). The financial statements of ICBC CICC USD Money Market ETF, CICC HKD Money Market ETF, CICC Carbon Futures ETF, CICC Hong Kong Equity Fund and CICC China Equity Fund have been prepared separately for the financial year ended 31 December 2023 and consequently are not included in these financial statements.

## **1 The Trust (continued)**

The investment objective of CICC Bloomberg China Treasury 1-10 Years is to provide investment results that, before fees and expenses, closely correspond to the performance of its benchmark index.

On 10 November 2023, the Manager exercised its discretion to terminate the Sub-Fund with effect from 21 March 2024 (date of termination) pursuant to clause 35.6(A) of the Trust Deed in relation to the Sub-Fund.

The Sub-Fund was delisted from the SEHK, de-authorized from the SFC and terminated on 21 March 2024 (the “Termination Date”). This report covers the reporting period from 1 January 2023 to the Termination Date.

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

The investment activities of the Trust are managed by the Manager and the administration of the Trust is delegated to Brown Brothers Harriman & Co. (the “Administrator”).

## **2 Material accounting policies**

### **(a) Statement of compliance**

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”), and Interpretations issued by International Accounting Standards Board (“IASB”), the relevant disclosure provisions of the Trust Deed and the relevant disclosure requirements of the Code issued by the Hong Kong Securities and Futures Commission (the “SFC”).

### **(b) Basis of preparation of the financial statements**

The financial statements of CICC Bloomberg China Treasury 1-10 Years ETF are presented in Renminbi Yuan (“RMB”), which is the functional currency. All values are rounded to the nearest RMB except when otherwise indicated.

The financial statements are prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss. Other financial assets and financial liabilities are stated at amortised cost.

The preparation of financial statements in conformity with IFRSs requires 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.

## **2 Material accounting policies (continued)**

### **(b) Basis of preparation of the financial statements (continued)**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period/year in which the estimate is revised if the revision affects only that period.

As explained in note 1, the Sub-Fund was fully redeemed and the Manager exercised its discretion to terminate the Sub-Fund. Accordingly, the Sub-Fund is no longer a going concern. The financial statement did not include any provision for the future costs in connection with the termination except to the extent that such costs were incurred at the end of the reporting date.

The previous financial statements were prepared in respect of the year ended 31 December 2022 (i.e. a full year), however the current financial statements were prepared in respect of the period from 1 January 2023 to 21 March 2024 (date of termination) (i.e. more than a year). Consequently, the comparative figures shown on the statement of comprehensive income, the statement of changes in net assets attributable to unitholders, the statement of cash flows and related notes are not comparable.

### **(c) Foreign currency translation**

Foreign currency transactions during the period/ year are translated into the functional currency of the Sub-Fund at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the foreign exchange rates ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are re-translated into the functional currencies at the exchange rate at the date on which the fair value was determined. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss.

### **(d) Financial assets and financial liabilities**

#### **(i) Recognition and initial measurement**

The Sub-Fund initially recognises financial assets and financial liabilities at fair value through profit or loss (FVTPL) on the trade date, which is the date on which the Sub-Fund become a party to the contractual provisions of the instruments. Other financial assets and financial liabilities are recognised on the date on which they are originated.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

## **2 Material accounting policies (continued)**

### **(d) Financial assets and financial liabilities (continued)**

#### **(ii) Classification and subsequent measurement**

On initial recognition, the Sub-Fund classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All other financial assets of the Sub-Fund are measured at FVTPL.

#### *Financial assets – Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Sub-Fund considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Sub-Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Sub-Fund's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

## 2 Material accounting policies (continued)

### (d) Financial assets and financial liabilities (continued)

#### *Financial assets – Assessing whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, “principal” is defined as the fair value of the financial asset on initial recognition. “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Sub-Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Sub-Fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the group’s claim to cash flows from specified assets (e.g. non-recourse features).

#### *Financial assets – Reclassification*

Financial assets are not reclassified subsequent to their initial recognition unless the Sub-Fund were to change its business model for management of financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

#### *Financial liabilities – Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

## **2 Material accounting policies (continued)**

### **(d) Financial assets and financial liabilities (continued)**

#### **(iii) Fair value measurement principles**

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 in the principal or, in its absence, the most advantageous market to which the Sub-Fund has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Sub-Fund measures the fair value of an instrument using the quoted price in an active market for that instrument provided such price is within the bid ask spread. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. In circumstances where the quoted price is not within the bid ask spread, the Manager of the Sub-Fund will determine the points within the bid ask spread that are most representative of the fair value.

When there is no quoted price in an active market, the Sub-Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price i.e. the fair value of the consideration given or received. If the Sub-Fund determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is supported wholly by observable market data or the transaction is closed out.

CICC Bloomberg China Treasury 1-10 Years ETF measures the financial assets at fair value through profit or loss using the last trade price on the bid side at 6 p.m. (Tokyo Time) by Bloomberg's evaluated pricing service, Bloomberg Valuation Service ("BVAL").

#### **(iv) Amortised cost measurement principles**

The amortised cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount and, for financial assets, adjusted for any loss allowance.

## **2 Material accounting policies (continued)**

### **(d) Financial assets and financial liabilities (continued)**

#### **(v) Impairment**

The Sub-Fund recognises loss allowances for expected credit losses (“ECLs”) on financial assets measured at amortised cost.

The Sub-Fund measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Sub-Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Sub-Fund’s historical experience and informed credit assessment and including forward-looking information.

The Sub-Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Sub-Fund considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Sub-Fund is exposed to credit risk.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

## **2 Material accounting policies (continued)**

### **(d) Financial assets and financial liabilities (continued)**

#### *Credit-impaired financial assets*

At each reporting date, the Sub-Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is “credit-impaired” when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;  
or
- the disappearance of an active market for a security because of financial difficulties.

#### *Presentation of allowance for ECL in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

#### *Write-off policy*

The gross carrying amount of a financial asset is written off when the Sub-Fund has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

### **(vi) Derecognition**

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or they transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which Sub-Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the assets (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Sub-Fund is recognised as a separate asset or liability.

If a Sub-Fund enters into transactions whereby it transfers assets recognised on its statement of assets and liabilities, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.



## **2 Material accounting policies (continued)**

### **(d) Financial assets and financial liabilities (continued)**

The Sub-Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

#### **(vii) Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the statement of assets and liabilities when the Sub-Fund has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis or simultaneously, e.g. through a market clearing mechanism.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit and loss and foreign exchange gains and losses.

### **(e) Cash and cash equivalents**

Cash and cash equivalents comprises deposits with banks and highly liquid financial assets with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Sub-Fund for the purpose of meeting short-term commitments, other than cash collateral provided in respect of derivatives, securities sold short and securities borrowing transactions. Bank overdrafts that are repayable on demand and form an integral part of the Sub-Fund's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

### **(f) Revenue recognition**

Revenue is recognised when control over a service is transferred to the customer at the amount of promised consideration to which the Sub-Fund is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts. Where the contract contains a variable consideration, the Sub-Fund estimates the amount of consideration which it will be entitled in exchange for transferring the promised services to a customer and includes in the transaction price some or all of the variable consideration estimated, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Further details of the Sub-Fund's revenue and other income recognition policies are as follows:

#### **(i) Dividends**

Dividend income from listed investments is recognised on the ex-dividend date. Dividend income from equity securities designated as at fair value through profit and loss and unit trusts is recognised in profit or loss in a separate line item. In some cases, the Sub-Fund may choose to receive dividends in the form of additional shares rather than cash.

## **2 Material accounting policies (continued)**

### **(f) Revenue recognition (continued)**

In such cases, the Sub-Fund recognises the dividend income for the amount of the equivalent cash dividend with the corresponding debit treated as an additional investment.

#### **(ii) Interest income**

Interest income is recognised in profit or loss as it accrues, using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument on initial recognition. When calculating the effective interest rate, the Sub-Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Dividends and interest income received by the Sub-Fund may be subject to non-recoverable withholding tax imposed in the country of origin. This income is recorded gross of such taxes and the withholding tax is recognised in the profit and loss as incurred.

### **(g) Expenses**

All expenses are recognised in profit or loss on an accrual basis.

### **(h) Related parties**

(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.

(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 (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities 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 group or an entity related to the group;

## **2 Material accounting policies (continued)**

### **(h) Related parties (continued)**

- (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);
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### **(i) Subscriptions and redemptions**

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

### **(j) Units in issue**

The Sub-Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets the following conditions:

- (i) it entitles the holder to a pro rata share of the entity's net assets in the event of the Sub-Fund's liquidation;
- (ii) it is in the class of instruments that is subordinate to all other classes of instruments;
- (iii) all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- (iv) apart from the contractual obligation for the Sub-Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- (v) the total expected cash flows attributable to the instrument over its life 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.

## 2 Material accounting policies (continued)

### (j) Units in issue (continued)

CICC Bloomberg China Treasury 1-10 Years ETF has one class of redeemable units in issue. This is the most subordinate class of financial instruments in the Sub-Fund and rank pari passu in all material respects and have identical terms and conditions. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the Sub-Fund's net assets at each redemption date and also in the event of the Sub-Fund's liquidation. The redeemable units issued by the Sub-Fund meet all of these conditions and are classified as equity.

### (k) Distributions to holders of redeemable units

Distributions to holders of redeemable units, if any, are presented in note 10. They are recognised in the statement of changes in net assets attributable to unitholders of CICC Bloomberg China Treasury 1-10 Years ETF.

Distribution income is recognised in accordance with the Trust Deed, with over-distributions in one period permitted to be adjusted as a deduction of distributable income in the following period.

### (l) Segment reporting

An operating segment is a component of the Sub-Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Sub-Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Sub-Fund is identified as the Manager.

## 3 Net gains/(losses) from financial assets and liabilities at fair value through profit or loss

	<i>Period from 1 January 2023 to 21 March 2024 (date of termination) RMB</i>	<i>Year ended 31 December 2022 RMB</i>
Net realised gains/(losses) on financial assets and liabilities at fair value through profit or loss	1,461,607	(71,755)
Net movement in unrealised losses on financial assets and liabilities at fair value through profit or loss	(782,584)	(121,146)
	679,023	(192,901)

#### 4 Taxation

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

Interest income and dividend income received by the Sub-Fund may be subject to non-recoverable 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.

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 profit or loss as taxation expenses as incurred.

#### 5 Investments

	21 March 2024 RMB	31 December 2022 RMB
<b>Financial assets at fair value through profit or loss</b>		
Securities and bonds		
<i>Mainland China market</i>		
- Government bonds	—	73,933,530
<b>Total</b>	—	73,933,530

#### 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 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 the Trustee, the Manager and their Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Sub-Fund did not have any other transactions with Connected Persons except for those disclosed below and elsewhere in the financial statements.

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

- (a) The management fee is calculated as a percentage of the net asset value of the Sub-Fund, and Sub-Fund's management fee is accrued daily and calculated as at each Dealing Day. It is payable out of the Sub-Fund monthly in arrears.

The manager intends to reimburse the respective Sub-Fund (or Class) to the extent that the annual ongoing charges ratio can be maintained at a level which is close to 0.35%.

Accordingly, the fees and expenses borne by the Manager during the period from 1 January 2023 to 21 March 2024 (date of termination) were RMB 739,908 (Year ended December 2022: RMB 619,993)

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

	Period from 1 January 2023 to 21 March 2024 (date of termination) RMB	Year ended 31 December 2022 RMB
Rate of management fee (note 6(a))		
- Listed Class	0.20%	0.20%
Management fee for the period/year	164,462	159,130
Management fee payables at the period/year end	—	79,877
Expenses reimbursement receivables from the Manager at the period/year end	—	362,134
Administration fee for the period/year end	307,512	262,888
Administration fee payables at the period/year end	—	109,402
Trustee and registrar fees for the period/year	42,084	36,195
Trustee and registrar fees payables at the period/year end	—	15,644
Interest income earned from cash deposit in the Custodian	1,981	1,759
Custody fee for the period/year	98,834	83,378
Custody fee payables and transaction costs payables at the period/year end	—	43,312
Bank balance under the Custodian	—	845,246
Securities balance under the Custodian	—	73,933,530

- (c) Transactions with the fund and mandates managed by the Manager and Investment Adviser

During the period from 1 January 2023 to 21 March 2024 and the year ended 31 December 2022, the Sub-fund did not buy or sell any units to other funds and mandates managed by the Manager, Sub-Manager and/ or their affiliates.

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

### (d) Investment transactions with connected persons of the Manager

China International Capital Corporation Hong Kong Securities Limited, acting as the broker of Sub-Fund, was an affiliate of the Manager.

	Aggregate value of purchases and sales of securities RMB	Total Commission paid	% of the Sub-Fund's total transactions during the period/year %	Average Commission rate %
<b>Period from 1 January 2023 to 21 March 2024 (date of termination)</b>				
CICC Bloomberg China Treasury 1-10 Years ETF	–	–	–	–
<b>Year ended 31 December 2022</b>				
CICC Bloomberg China Treasury 1-10 Years ETF	5,044,225	–	13.22%	–

### (e) Holdings of units

The Manager, Investment Adviser and their affiliates may transact in the units of the Sub-Fund.

	21 March 2024 Unit	31 December 2022 Unit
<b>Manager and its affiliates</b>		
China International Capital Corporation Hong Kong Asset Management Limited - CICCWI2		
- Listed Class	–	600,000
China International Capital Corporation Hong Kong Securities Limited		
- Listed Class	–	200

## 7 Soft dollar arrangements

No soft dollar commission arrangements were entered into with brokers by the Trust and its Sub-Fund during the period/year.

**8 Transaction costs**

The transaction costs for the Sub-Fund pertains to the following expenses:

	<i>Period from 1 January 2023 to 21 March 2024 (date of termination)</i>	<i>Year ended 31 December 2022</i>
	RMB	RMB
Handling fee	8,383	549
<b>Total transaction costs</b>	<b>8,383</b>	<b>549</b>

**9 Units in issue**

**Number of units in issue**

	<i>21 March 2024</i>	<i>31 December 2022</i>
	Unit	Unit
<b>Balance at the end of the period/ year</b>		
- Listed Class	—	650,000

**Net asset value per unit**

	<i>21 March 2024</i>	<i>31 December 2022</i>
	RMB	RMB
<b>Balance at the end of the period/ year</b>		
- Listed Class	—	115.98



## 10 Distributions

Pursuant to distribution announcement dated 29 February 2024, the Manager has proposed a distribution of RMB 66,313,500 or RMB 120.57 per unit to those investors who remained in the Sub-fund as of 28 February 2024. The amount of distribution of RMB 66,313,500 was settled on 7 March 2024.

	<i>Period from 1 January 2023 to 21 March 2024 (date of termination)</i>	<i>Year ended 31 December 2022</i>
	RMB	RMB
<b>Amount available for distribution at the beginning of the period/year</b>	75,383,810	79,315,657
Redemption of units	(11,857,020)	(5,784,965)
Profit before distributions	2,786,710	1,853,118
Distribution	(66,313,500)	—
<b>Amount available for distribution at the end of the period/year</b>	—	75,383,810

## 11 Financial instruments and associated risks

Before the date of termination, the Sub-Fund maintained investment portfolios of financial instruments as dictated by its investment management strategies. The investment objectives of the Sub-Fund are disclosed in note 1.

The Sub-Fund's investing activities exposed it to various types of risks that were associated with the financial instruments and markets in which it invested. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instruments. The Manager and the Trustee 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 the investments 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 managed and monitored the distribution of assets to achieve the investment objectives.

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

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

## 11 Financial instruments and associated risks (continued)

### (a) Price risk (continued)

#### *Price sensitivity*

As at 21 March 2024 the Sub-Fund did not hold any investments. At 31 December 2022, the impact of a 10% increase in value of the investments, with all other variables held constant, would increase the net assets attributable to unitholders by RMB 7,393,353. An equal change in the opposite direction would have reduced the net asset values by an equal but opposite amount.

### (b) Interest rate risk

Interest rate risk arises from changes in interest rates which may affect the value of debt instruments 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 21 March 2024, the Sub-Fund did not hold any interest-bearing assets and therefore the Sub-Fund was not subject to significant interest rate risk.

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

	21 March 2024	31 December 2022
	RMB	RMB
Investment securities		
– 1 year or less	—	10,099,100
– over 1 year to 5 years	—	40,779,000
– over 5 years to 10 years	—	23,055,430
Cash at banks and time deposits		
– 1 year or less	—	845,246
<b>Total</b>	<u>—</u>	<u>74,778,776</u>

## 11 Financial instruments and associated risks (continued)

### (b) Interest rate risk (continued)

#### *Interest rate sensitivity*

At the date of the statement of assets and liabilities, assuming all other factors remain unchanged, it is estimated that an increase in interest rate of 100 basis points would result in decrease in the net assets attributable to the unitholders and the comprehensive income for the reporting period as set out in the below table; an equal change in the opposite direction would result in increase in the net assets attributable to unitholders and comprehensive income by an equal amount.

		Change in net assets attributable to unitholders if interest rate changes by 100 bps	
		21 March 2024	31 December 2022
CICC Bloomberg China Treasury 1-10 Years ETF	RMB	—	3,038,000

### (c) Currency risk

At 21 March 2024, the Sub-Fund did not hold any financial instruments. At 31 December 2022 all financial instruments for the Sub-Fund were denominated in RMB which is Sub-Fund's functional currency, therefore this Sub-Fund was not subject to any significant currency risk.

### (d) Credit risk

Credit risk is the risk that a counterparty to a financial instruments will fail to discharge an obligation or commitment that it has entered into with the Sub-Fund. The Sub-Fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

At 21 March 2024, the Sub-Fund did not hold any financial instruments. At 31 December 2022, part of the Sub-Fund's financial assets was exposed to credit risk. These included investments in financial assets and cash and cash equivalents placed with banks and the Custodian.

The carrying amounts of financial asset best represent the maximum credit risk exposure at the date of statement of assets and liabilities.

At 31 December 2022, there were no significant concentration of credit risk to counterparties except to the Custodian, banks, brokers and licensed corporations.

### (e) Liquidity risk

Liquidity risk is the risk that the Sub-Fund will encounter difficulty in meeting obligations arising from their 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.

## **11 Financial instruments and associated risks (continued)**

### **(e) Liquidity risk (continued)**

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

All other financial liabilities disclosed in the statement of assets and liabilities mature within three months from the date of the statement of assets and liabilities or are repayable on demand.

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.

### **(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 with respect to the Sub-Fund's approach to its capital management.

The Sub-Fund is not subject to externally imposed capital requirements.

The amount and the movement of equity are stated in the statement of changes in net assets attributable to unitholders. As the redeemable units are redeemed on demand at the unitholders' option, the actual level of redemption may differ significantly from historical experience.

## **12 Fair value information**

The Sub-Fund's financial investments 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 other financial instruments, including interest and other receivables, cash at banks, accruals and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

## 12 Fair value information (*continued*)

### ***Valuation of financial instruments***

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

When fair values of debt securities at the reporting date represent quoted prices in markets that are considered less than active or consensus prices derived by third parties using valuation techniques where all significant inputs are directly or indirectly observable from market data, those debt securities are included within Level 2 of the hierarchy. Fair values of derivatives are determined by valuation techniques.

The following analyses financial instruments at fair value through profit or loss at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

## 12 Fair value information (*continued*)

There were no financial instruments held by the Sub-Fund as at 21 March 2024.

### As at 31 December 2022

Financial assets at fair value through profit or loss	<i>CICC Bloomberg China Treasury 1-10 Years ETF</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	RMB	RMB	RMB	RMB
Investments:				
Government bonds	–	73,933,530	–	73,933,530
	–	73,933,530	–	73,933,530
	–	73,933,530	–	73,933,530

## 13 Reconciliation of net asset value

The net asset value (“NAV”) presented in the financial statements and that quoted for pricing purpose at the period end (“Dealing NAV”) are not materially different for the period/year ended 21 March 2024 and 31 December 2022.

## 14 Segment information

The Manager makes the strategic resource allocation on behalf of 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 an 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 revenues and losses generated from investments by the Sub-Fund are disclosed in the statement of comprehensive income. The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and the statement of assets and liabilities.

## 15 Contingent liabilities and capital commitments

As at 21 March 2024 and 31 December 2022, there were no contingent liabilities or capital commitments outstanding.

## Statement of movements in portfolio holdings for the period ended 21 March 2024 (Unaudited)

### CICC Bloomberg China Treasury 1-10 Years ETF

<i>Investments</i>	<i>Beginning holding balance as at 31 December 2022</i>	<i>Additions</i>	<i>Corporate Actions</i>	<i>Disposals</i>	<i>Closing holding balance as at 21 March 2024</i>
China Government Bond Series 1718 3.59% due 03/08/2027	10,000,000	-	-	(10,000,000)	-
China Government Bond Series 1820 3.60% due 06/09/2025	10,000,000	-	-	(10,000,000)	-
China Government Bond Series 1823 3.29% due 18/10/2023	10,000,000	-	-	(10,000,000)	-
China Government Bond Series 1915 3.13% due 21/11/2029	10,000,000	-	-	(10,000,000)	-
China Government Bond Series INBK 2.48% due 15/04/2027	10,000,000	-	-	(10,000,000)	-
China Government Bond Series INBK 2.68% due 21/05/2030	10,000,000	-	-	(10,000,000)	-
China Government Bond Series INBK 2.69% due 12/08/2026	10,000,000	-	-	(10,000,000)	-
China Government Bond Series INBK 2.69% due 15/08/2032	3,000,000	-	-	(3,000,000)	-

## Performance record (Unaudited)

### 1 Price record

	<i>Highest net asset value per unit RMB</i>	<i>Lowest net asset value per unit RMB</i>
20 February 2024 (the trading cessation date) <sup>1</sup>	120.56	116.02
31 December 2022	116.44	113.30
31 December 2021	113.31	109.06
31 December 2020	110.45	106.70
31 December 2019 <sup>2</sup>	106.67	102.72

<sup>1</sup> The financial period of CICC Bloomberg China Treasury 1-10 Years ETF extended from 1 January 2023 to 20 February 2024 (trading cessation date),

<sup>2</sup> The financial period of CICC Bloomberg China Treasury 1-10 Years ETF extended from 7 December 2018 (date of inception) to 31 December 2019.

### 2 Total net asset value and net asset value per unit

	Total net asset value RMB	Net asset value per unit RMB
As at		
20 February 2024 (the trading cessation date)	66,309,092	120.56
31 December 2022	75,383,810	115.98
31 December 2021	79,315,657	113.31
31 December 2020	81,867,844	109.16
31 December 2019	74,671,958	106.67

### 3 Performance of the Sub-Fund and the underlying index

*During the period from 1 January 2023 to 20 February 2024, the trading cessation date*

	<i>Performance</i>
CICC Bloomberg China Treasury 1-10 Years ETF	3.96%
Bloomberg China Treasury 1-10 Years Index	4.51%

Investors should note that investments involve risks and not all investment risks are predictable. Prices of Sub-Fund's units may go up as well as down and past performance information presented is not indicative of future performance. 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 is delisted) in detail before making any investment decision.



## Statement of disclosure - ESG (Unaudited)

An initial Climate-related Risk Relevance Assessment of the Sub-Fund was conducted with data before 20 August 2022, in which further assessments were conducted with data as at 30 September 2023 for review and confirmation. According to the Climate-related Risk Relevance Assessment of the Sub-Fund conducted with data as at 30 September 2023, it is determined that climate-related risks are irrelevant to the Sub-Fund.

In view of the results, the disclosure of portfolio carbon footprint is not mandatory according to the climate-related risks management and disclosure requirements set out by the SFC.