

ChinaAMC Select Fund

**ChinaAMC Select China New Economy Fund**

Annual Report

For the year ended 31 December 2019



**华夏基金**  
**ChinaAMC**

ANNUAL REPORT

CHINAAMC SELECT CHINA NEW ECONOMY FUND

(a sub-fund of ChinaAMC Select Fund, an open-ended unit trust  
established as an umbrella fund under the laws of Hong Kong)

For the year ended 31 December 2019

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

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**IMPORTANT:**

Any opinion expressed herein reflects the Manager's view only and are subject to change. For more information about the fund, please refer to the explanatory memorandum of the fund which is available at our website:

<http://www.chinaamc.com.hk/en/products/public-fund/chinaamc-select-china-new-economy-fund/documents.html>

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

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

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**

Yang Minghui  
Zhang Xiaoling  
Gan Tian  
Li Yimei  
Li Fung Ming (name changed from Li Min on 5  
December 2019)

**LEGAL ADVISER TO THE MANAGER**

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

**TRUSTEE, ADMINISTRATOR AND REGISTRAR**

BOCI-Prudential Trustee Limited  
12/F and 25/F, Citicorp Centre  
18 Whitfield Road  
Causeway Bay, Hong Kong

**AUDITOR**

Ernst & Young  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central, Hong Kong

**CUSTODIAN**

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

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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REPORT OF THE MANAGER TO THE UNITHOLDERS

*Market Review and Fund Performance*

The United States ("US") equity market climbs to all-time high driven by the increasing global money supply, however, the US economic indicators showed weakness. In late September, the Federal Reserve ("Fed") decided to cut the Fed rate and began to re-expand its balance sheet, which made the global liquidity to bottom out. Besides, the European Central Bank continues to expand its balance sheet. The abundant liquidity not only led to the rise of the stock market but also boomed German housing prices.

From the perspective of liquidity, we think the global equity market faces upside risks in the coming months. We expect China's equity market will remain stable next year. The blue-chip stocks enjoyed a good year in 2019, however, the near-term momentum slightly weakened due to the inflated valuation and profit-taking activities. The progress of the trade talks and its market impact are expected to be limited before the Chinese New Year, as both the US and China have achieved their short-term targets of booming stock market and stabilising Renminbi, respectively. Besides, the rising Consumer Price Index will limit the scope for further monetary policy easing. Though China still has plenty of room for fiscal easing, but we will not expect the Chinese government will go down that path until it becomes really necessary. There will be several important events affecting market expectations in the short term. For example, the progress of phase II negotiation, President Xi's speech on the 20th anniversary of Macau's return to China, and the Central Economic Working Conference in December. The outcome of those events may leave the near-term volatility of China's equity market at high level.

Looking into 2020, we expect China's offshore market to fluctuate in a wide range without a clear trend. From portfolio management point of view, we will keep focus on the sector allocation and stock selection. The trade war between the US and China will continue to influence the equity market.

China Asset Management (Hong Kong) Limited  
24 April 2020

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, China Asset Management (Hong Kong) Limited, has, in all material respects, managed ChinaAMC Select China New Economy Fund (a sub-fund of ChinaAMC Select Fund) for the year ended 31 December 2019 in accordance with the provisions of the trust deed dated 12 January 2012, as amended or supplemented from time to time.

On behalf of  
BOCI-Prudential Trustee Limited, the Trustee

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24 April 2020

**Independent auditor's report**

**To the Manager and the Trustee of**

**ChinaAMC Select China New Economy Fund**

(A sub-fund of ChinaAMC Select Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

**Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of ChinaAMC Select China New Economy Fund (a sub-fund of ChinaAMC Select Fund (the "Trust") and referred to as the "Sub-Fund") set out on pages 7 to 34, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of changes in net assets attributable to unitholders, the statement of cash flows and the statement of distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Sub-Fund as at 31 December 2019, and of its financial transactions and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

**Basis for opinion**

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

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

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

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

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

**Independent auditor's report** (continued)  
**To the Manager and the Trustee of**  
**ChinaAMC Select China New Economy Fund**

(A sub-fund of ChinaAMC Select Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

**Responsibilities of the Manager and the Trustee for the financial statements**

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

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

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 12 January 2012 as amended or supplemented from time to time (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. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

**Independent auditor's report** (continued)  
**To the Manager and the Trustee of**  
**ChinaAMC Select China New Economy Fund**

(A sub-fund of ChinaAMC Select Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

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

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

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

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

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

Certified Public Accountants  
Hong Kong  
24 April 2020

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2019

	Notes	2019 HKD	2018 HKD
<b>INCOME</b>			
Dividend income		105,563	1,939,728
Interest income on bank deposits	5	951	4,360
Net gains/(losses) on financial assets at fair value through profit or loss		2,223,121	( 23,521,981)
Exchange gain		1,669	-
Sundry income		-	126,480
		<u>2,331,304</u>	<u>( 21,451,413)</u>
<b>EXPENSES</b>			
Management fee	5	( 66,524)	( 1,008,895)
Trustee fee	5	( 240,000)	( 240,000)
Custodian fee	5	( 75,947)	( 82,106)
Auditors' remuneration		( 100,000)	( 110,000)
Brokerage fees		( 20,386)	( 184,942)
Transaction costs	5	( 64,818)	( 431,790)
Legal and professional fees		( 14,619)	( 129,638)
Other expenses		( 35,335)	( 60,906)
Exchange loss		-	( 35,153)
		<u>( 617,629)</u>	<u>( 2,283,430)</u>
Less: Reimbursement of expenses by the Manager	5	<u>494,647</u>	<u>3,431</u>
		<u>( 122,982)</u>	<u>( 2,279,999)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>		<u>2,208,322</u>	<u>( 23,731,412)</u>
Withholding taxes	8	<u>( 5,773)</u>	<u>( 142,429)</u>
<b>INCREASE/(DECREASE) IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>2,202,549</u>	<u>( 23,873,841)</u>

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HKD	2018 HKD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	9	5,397,985	16,341,227
Amounts due from the Manager	5	118,244	20
Amounts due from broker	6	71,760	-
Dividend receivables		-	26
Prepayments		252	-
Cash and cash equivalents	10	<u>282,844</u>	<u>3,278,044</u>
<b>TOTAL ASSETS</b>		<u><u>5,871,085</u></u>	<u><u>19,619,317</u></u>
<b>LIABILITIES</b>			
Management fee payable	5	44,998	16,992
Trustee fee payable	5	20,666	20,000
Accrued expenses and other payables		102,600	110,030
Amounts due to broker	6	<u>41,568</u>	-
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>209,832</u>	<u>147,022</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	11	<u>5,661,253</u>	<u>19,472,295</u>
<b>TOTAL LIABILITIES</b>		<u><u>5,871,085</u></u>	<u><u>19,619,317</u></u>

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2019

	Number of units	HKD
As at 1 January 2018	-	-
Reclassification of the redeemable units as financial liabilities	6,954,074.45	90,729,076
Subscription of units		
– Class I HKD	3,238,458.49	44,999,340
– Class A HKD	2,999.13	30,000
	<u>3,241,457.62</u>	<u>45,029,340</u>
Redemption of units		
– Class I HKD	( 8,245,133.45)	( 92,412,280)
Decrease in net assets attributable to unitholders	<u>-</u>	<u>( 23,873,841)</u>
As at 31 December 2018 and 1 January 2019	<u>1,950,398.62</u>	<u>19,472,295</u>
Subscription of units		
– Class I HKD	455,929.82	5,000,000
– Class A HKD	33,278.11	342,760
	<u>489,207.93</u>	<u>5,342,760</u>
Redemption of units		
– Class I HKD	( 1,947,399.49)	( 21,356,351)
Increase in net assets attributable to unitholders	<u>-</u>	<u>2,202,549</u>
At 31 December 2019	<u>492,207.06</u>	<u>5,661,253</u>
	2019	2018
Number of units in issue		
– Class I HKD	455,929.82	1,947,399.49
– Class A HKD	36,277.24	2,999.13
Net asset value per unit		
– Class I HKD	11.5772	9.9850
– Class A HKD	10.5539	9.3698

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Notes	2019 HKD	2018 HKD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		2,208,322	( 23,731,412)
Adjustment for:			
Decrease in financial assets at fair value through profit or loss		10,943,242	64,146,347
Increase in amount due from the Manager	(	118,224)	( 20)
(Increase)/decrease in amount due from brokers	(	71,760)	2,094,338
Decrease in dividend receivables		26	199,334
Increase in other prepayments	(	252)	-
Increase/(decrease) in management fee payable		28,006	( 58,268)
Increase in trustee fee payable		666	-
Decrease in accrued expenses and other payables	(	7,430)	( 20,248)
Increase/(decrease) in amounts due to brokers		41,568	( 6,254,214)
Cash generated from operations		13,024,164	36,375,857
Tax paid	8	( 5,773)	( 142,429)
Net cash flows generated from operating activities		<u>13,018,391</u>	<u>36,233,428</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of units		5,342,760	45,029,340
Payments on redemption of units	(	21,356,351)	( 92,412,280)
Net cash flows used in financing activities		<u>( 16,013,591)</u>	<u>( 47,382,940)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>( 2,995,200)</b>	<b>( 11,149,512)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at the beginning of the year		3,278,044	14,427,556
<b>CASH AND CASH EQUIVALENTS AT THE YEAR END</b>		<b><u>282,844</u></b>	<b><u>3,278,044</u></b>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Cash at banks	10	<u>282,844</u>	<u>3,278,044</u>
Net cash flows generated from operating activities includes:			
Dividend received net of withholding tax		99,816	1,797,299
Interest income on bank deposits	5	<u>951</u>	<u>4,360</u>

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

1 THE SUB-FUND

ChinaAMC Select Fund (the "Trust") was constituted as an open-ended unit trust established as an umbrella fund under the laws of Hong Kong pursuant to a trust deed dated 12 January 2012, as amended or supplemented from time to time (the "Trust Deed").

ChinaAMC Select China New Economy Fund (the "Sub-Fund") was constituted as a separate sub-fund of the Trust. The Sub-Fund is an open-ended unit trust and is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the "SFC Code"). Authorisation by the SFC does not imply official approval or recommendation. The Sub-Fund was launched on 27 May 2015. As at 31 December 2019, there are five other sub-funds established under the Trust and the inception dates are as follows:

	Inception date
ChinaAMC Select RMB Bond Fund	21 February 2012
ChinaAMC Select Hong Kong China Opportunities Fund	9 March 2016
ChinaAMC Select Asia Bond Fund	30 September 2016
ChinaAMC Select Fixed Income Allocation Fund	28 August 2018
ChinaAMC Select Money Market Fund	29 March 2019

The manager of the Trust is China Asset Management (Hong Kong) Limited (the "Manager") and the Trustee is BOCI-Prudential Trustee Limited (the "Trustee"). The Custodian is Bank of China (Hong Kong) Limited (the "Custodian").

The name of the Sub-Fund changed from ChinaAMC Select Hong Kong China Equity Fund to ChinaAMC Select China New Economy Fund with effect from 1 September 2016.

The investment objective of the Sub-Fund is to achieve long term capital growth by primarily (i.e. not less than 70% of its net assets) investing in equity securities which are (a) traded in Hong Kong dollars ("HKD") and (b) listed on the stock exchange of Hong Kong ("HK Equity Securities"). When investing in HK Equity Securities, the Sub-Fund will focus on investing in equities of China-related companies with registered offices located in the People's Republic of China ("PRC") or Hong Kong, and/or China-related companies that do not have their registered offices in the PRC or Hong Kong but either (a) carry out a predominant proportion of their business activities in the PRC or Hong Kong or (b) are holding companies which predominantly own companies with registered offices in the PRC or Hong Kong. The Manager currently intends to maintain at all times that at least 70% of the Sub-Fund's assets will be denominated in HKD.

2 BASIS OF PREPARATION

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

3.1 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2019, in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

Amendments to IAS 1 and IAS 8 *Definition of Material<sup>1</sup>*

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Sub-Fund expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Sub-Fund's financial statements.

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Sub-Fund has adopted the following revised IFRSs for the first time for the current period's financial statements, which are applicable to the Sub-Fund.

IFRIC Interpretation 23 Annual improvement to IFRSs 2015-2017 Cycle	Uncertainty over Income Tax Treatment Amendments to IAS12
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The nature and the impact of the amendments are described below:

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The IFRIC Interpretation 23 Uncertainty over Income Tax Treatment (the "Interpretation") addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Sub-Fund determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Sub-Fund applies significant judgement in identifying uncertainties over income tax treatments. The Sub-Fund has assessed that the Interpretation does not have significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

3.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where it originally recognised those past transactions or events.

An entity applies the amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. When the entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Sub-Fund's current practice is in line with these amendments, they had no impact on the financial statements of the Sub-Fund.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(a) Classification

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

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

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

Financial assets

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

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

*Financial assets measured at amortised cost*

Financial assets are measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order 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 ("SPPI") on the principal amount outstanding. The Sub-Fund includes in this category short-term non-financing receivables including other receivable.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(a) Classification (continued)

Financial assets (continued)

*Financial assets measured at FVPL*

A financial asset is measured at FVPL if:

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

The Sub-Fund includes in this category instruments held for trading. This category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial liabilities

Financial liabilities measured at amortised cost includes all financial liabilities. The Sub-Fund includes in this category management fee payable, custodian, fund administration and trustee fees payables, amounts due to participating dealers and other payables and accruals.

(b) Recognition

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

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

(c) Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(d) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in the statement of comprehensive income. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of comprehensive income.

Other receivable is measured at amortised cost using the effective interest method ("EIR") less any allowance for impairment. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVPL, are measured at amortised cost using the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability.

When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses ("ECL"). The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Sub-Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Sub-Fund has:

- Transferred substantially all the risks and rewards of the asset, or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained. The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

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31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

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

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

The Sub-Fund uses the provision matrix as a practical expedient to measure ECLs on other receivable, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

Fair value measurement

The Sub-Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Sub-Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Sub-Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs.

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

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

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as cash and cash equivalents.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Functional and presentation currency

The Sub-Fund's functional currency is HKD, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in HKD.

Therefore, the HKD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's presentation currency is also HKD.

NOTES TO THE FINANCIAL STATEMENTS

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency transactions

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date. Differences arising on settlement or transaction of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency transaction gains and losses on financial instruments classified as at FVPL and exchange differences on other financial instruments are included in the statement of profit or loss and other comprehensive income.

Net assets attributable to unitholders

The Sub-Fund offered redeemable units, namely Class A units and Class I units, which are redeemable at the unitholder's option and are classified as financial liabilities.

With a view to protecting the interests of Unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of Units of any sub-fund redeemed on any Dealing Day to 10% of the total number of Units of the relevant sub-fund in issue. In this event, the limitation will apply pro rata so that all Unitholders wishing to redeem Units of the same sub-fund on that Dealing Day will redeem the same proportion of such Units, any Units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, and will have priority on the next Dealing Day. If redemption requests are carried forward, the Manager will inform the Unitholders concerned.

Redeemable 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 unitholders by the number of units in issue of the relevant class.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets attributable to unitholders (continued)

Redeemable units are classified as an equity instrument when:

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

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

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

The Sub-Fund continuously assesses the classification of the redeemable units. The Sub-Fund's redeemable units do not meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as financial liabilities. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Distributions to unitholders

Distributions are at the discretion of the Sub-Fund. A distribution to the Sub-Fund's unitholders is accounted for as a finance cost recognised in the statement of profit or loss and other comprehensive income. A proposed distribution is recognised as a liability in the year in which it is approved by the Manager.

Revenue recognition

(a) Dividend income

Dividend income is recognised on the date when the Sub-Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding income taxes, which are disclosed separately in the statement of comprehensive income.

(b) Interest income

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

Net change in unrealised gain on FVPL

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

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

Net realised gain or losses on financial assets at FVPL

Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

NOTES TO THE FINANCIAL STATEMENTS

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies (continued) :

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity) ; and
- (viii) the entity, of any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

Amounts due from/to broker

Amounts due from brokers include receivables for securities sold (in a regular way transaction) that have been contracted for, but not yet delivered, on the reporting date.

Amounts due to broker are payables for securities purchased (in a regular way transaction) that are financial liabilities, other than those classified as at FVPL.

Taxes

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

5 TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS

Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the period between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for what is disclosed below.

a) Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, current level at 1.75% per annum for Class A HKD Units and Class A RMB Units and 1.0% per annum for Class I HKD Units and Class I RMB Units (up to maximum of 1.75% per annum) with respect to the net asset value of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears.

The management fee for the year ended 31 December 2019 was HKD66,524 (2018: HKD1,008,895).

As at 31 December 2019, management fee of HKD44,998 (2018: HKD16,992) was payable to the Manager.

NOTES TO THE FINANCIAL STATEMENTS

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5 TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS  
(CONTINUED)

b) Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, current level up to 0.15% per annum (up to maximum of 0.5%) per annum, based on the net asset value, subject to minimum monthly fee of HKD40,000, which is reduced by 50% from May 2015 to December 2019 and accrued on each valuation day and is paid monthly in arrears.

The trustee fee for the year ended 31 December 2019 was HKD240,000 (2018: HKD240,000). As at 31 December 2019, trustee fee of HKD20,666 (2018: HKD20,000) was payable to the Trustee.

c) Custodian fee

The Custodian is entitled to receive custodian fees from the Sub-Fund, at a current level up 0.06% (up to a maximum of 0.10%) per annum, calculated monthly and is paid monthly in arrears.

The custodian fees for the year ended 31 December 2019 were HKD75,947 (2018: HKD82,106). As at 31 December 2019, there was no custodian fee payable to the Custodian (2018: Nil).

d) Transaction costs – Investment handling fee

Transaction costs comprise of investment handling fee and investment related charges. Investment handling fee pertain to fee charges on transaction made through the Administrator at HKD100 per transaction made. The investment handling fee for the year ended 31 December 2019 was HKD38,600 (2018: HKD22,400). As at 31 December 2019, investment handling fee of HKD2,600 (2018: HKD600) was payable to the Administrator.

e) Bank deposit held by the Trustee's affiliates

The Sub-Fund's bank deposit was held by the Trustee's affiliates, Bank of China (Hong Kong) Limited, with interest income amounting to HKD951 for the year ended 31 December 2019 was (2018: HKD4,360). Further details of the balance held are described in note 10 to the financial statements.

f) Investment transactions with connected persons of the Trustee

BOCI Securities Limited was the Trustee's affiliate.

	Aggregate value of purchases and sales of securities HKD	Total commission paid HKD	% of Sub-Fund's total transactions during the year %	Average commission Rate %
2019				
BOCI Securities Limited	44,044	88.08	0.15%	0.20%
2018				
BOCI Securities Limited	-	-	-	-

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5 TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS  
(CONTINUED)

g) Expenses borne by the Manager

The Product Key Facts stated that it is the Manager's current intention to cap the ongoing charges at 2.50% for both Class A and Class I Units with respect to the average net asset value published from 1 January 2019 to 31 December 2019 ("Average Net Asset Value") per unit of the Sub-Fund; any ongoing charges in excess of such figure as at the end of the reporting period will be borne by the Manager. The Manager has an absolute discretion to set the ongoing charges cap in respect of the units of the Sub-Fund at a rate below 2.50% of the Average Net Asset Value per unit.

The following amount of expenses incurred by the Sub-Fund were borne by the Manager for the year ended 31 December 2019 and 31 December 2018.

	Expenses incurred by the Sub-Fund HKD	Income in the statement of profit or loss and other comprehensive income HKD
<u>For the year ended 31 December 2019</u>		
Reimbursement of expenses by the Manager	494,647	494,647
<u>For the year ended 31 December 2018</u>		
Reimbursement of expenses by the Manager	3,431	3,431

As at 31 December 2019, the reimbursement of expenses due from the Manager was HKD118,244 (2018: HKD20).

6 AMOUNT DUE FROM AND DUE TO BROKER

As at 31 December 2019, amount due from broker was HKD71,760 (2018: Nil) and amount due to broker was HKD41,568 (2018: Nil), which represent receivables and payables for securities sold and purchased that have been contracted for, but not yet delivered on the reporting date respectively.

7 SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund during the year ended 31 December 2019 and 31 December 2018. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

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8 INCOME TAX

Hong Kong

No provision for Hong Kong profits tax has been made for the Sub-Fund as the dividend income and realised gain on disposal of investment of the Sub-Fund are excluded from the charge to profits tax under Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

PRC

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend and capital gains) imposed on securities issued by PRC tax resident enterprises ("Distribution Tax"). There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future. The distribution tax provided for the year ended 31 December 2019 was HKD5,773 (2018: HKD142,429).

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HKD	2018 HKD
Financial assets at fair value through profit or loss		
- Listed equity securities	<u>5,397,985</u>	<u>16,341,227</u>
Total financial assets at fair value through profit or loss	<u><u>5,397,985</u></u>	<u><u>16,341,227</u></u>

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

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

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

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

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

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9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The Sub-Fund classified fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety.

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

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value as at 31 December 2019 and 31 December 2018.

	Quoted prices in active markets Level 1 HKD	Significant observable inputs Level 2 HKD	Significant unobservable inputs Level 3 HKD	Total HKD
31 December 2019				
Financial assets at fair value through profit or loss:				
- Listed equity securities	5,397,985	-	-	5,397,985
31 December 2018				
Financial assets at fair value through profit or loss:				
- Listed equity securities	16,341,227	-	-	16,341,227

As at 31 December 2019, the Sub-Fund only invested in listed equity securities in the Hong Kong Stock Exchange and the New York Stock Exchange. There are no investments classified within Level 2 and Level 3, and no transfers between levels for the year ended 31 December 2019 (2018: Nil).

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10 CASH AND CASH EQUIVALENTS

	2019 HKD	2018 HKD
Cash at bank	<u>282,844</u>	<u>3,278,044</u>

The bank balance is the cash at bank held with Bank of China (Hong Kong) Limited, affiliate company of the Trustee. The bank balance comprises savings and current account with bank at market interest rates. The bank balance is deposited with creditworthy bank with no recent history of default.

11 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

The consideration received or paid for units issued or re-purchased respectively is based on the value of the Sub-Fund's net asset value per unit at the date of the transaction. In accordance with the provisions, the Sub-Fund investment positions are valued based on the last traded market price for the purpose of determining the trading net asset value per unit for subscriptions and redemptions. The Sub-Fund's net asset value per unit is calculated by dividing the Sub-Fund's net assets with the total number of outstanding units.

Capital management

The Sub-Fund's objectives for managing capital are to invest the capital in investments in order to achieve its investment objective while maintaining sufficient liquidity to meet the expenses of the Sub-Fund, and to meet redemption requests as they arise.

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

	2019 HKD	2018 HKD
Net assets attributable to unitholders (calculated in accordance with Explanatory Memorandum)	5,661,253	19,559,002
Adjustment for preliminary expenses	<u>-</u>	<u>(86,707)</u>
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>5,661,253</u>	<u>19,472,295</u>

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11 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

Capital management (continued)

	2019 HKD	2018 HKD
Net assets attributable to unitholders (per unit) (calculated in accordance with Explanatory Memorandum)		
Class I	11.5772	10.0292
Class A	<u>10.5539</u>	<u>9.4119</u>
Net assets attributable to unitholders (per unit) (calculated in accordance with IFRSs)		
Class I	11.5772	9.9850
Class A	<u>10.5539</u>	<u>9.3698</u>

Note:

The published net assets are calculated in accordance with the prospectus where preliminary expenses are capitalised and to be amortised over the first five years of the operation of the Sub-Fund. For the net assets as reported in the financial statements, the preliminary expenses are expensed as incurred as required under IFRSs. As at 31 December 2019, the unamortised preliminary expense amount had been fully amortised (2018: HKD86,707).

12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES

Risk management

Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Manager is responsible for identifying and controlling risks. In perspective of risk management, the Sub-Fund's objective is to create and protect value for unitholders.

The Sub-Fund is exposed to market risk (which includes price risk, interest rate risk and currency risk), liquidity risk and credit risk arising from the financial instruments it holds.

(a) Market risk

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

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

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

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12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk

The Sub-Fund's market price risk is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The table below summarises the overall market exposures of the Sub-Fund and the impact of increases/decreases from the Sub-Fund's financial assets at FVPL on the Sub-Fund's net asset value as at 31 December 2019. The analysis is based on the assumption that the underlying investments in equity securities increased/decreased by a reasonable possible shift, with all other variables held constant.

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

	Carrying value of financial assets at FVPL HKD	% of net assets %	Shift in underlying securities increase/ (decrease) %	Estimated possible change in net asset value increase/ (decrease) HKD
31 December 2019				
Financial assets at fair value through profit or loss	5,397,985	95	5	269,899
			(5)	(269,899)
31 December 2018				
Financial assets at fair value through profit or loss	16,341,227	84	5	817,061
			(5)	(817,061)

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12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk

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

The Manager considers that the Sub-Fund is not subject to significant risk due to fluctuations in the prevailing level of market interest rate. As the Sub-Fund has no investments in fixed income assets, the Manager considers that changes in the fair value of its net assets in the event of a change in market interest rates will not be material. Therefore, no sensitivity analysis is presented.

(iii) Foreign exchange risk

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

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

(b) Liquidity risk

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

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

Financial liabilities

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

Financial assets

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

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	On demand HKD	Within 1 month HKD	1 month to 3 months HKD	More than 3 months to 1 year HKD	Total HKD
As at 31 December 2019					
<u>Financial assets</u>					
Financial assets at fair value					
through profit or loss	-	5,397,985	-	-	5,397,985
Amount due from Manager	-	-	118,244	-	118,244
Amount due from brokers	-	71,760	-	-	71,760
Cash and cash equivalents	282,844	-	-	-	282,844
Total financial assets	282,844	5,469,745	118,244	-	5,870,833
As at 31 December 2019					
<u>Financial liabilities</u>					
Management fee payable	-	44,998	-	-	44,998
Trustee fee payable	-	20,666	-	-	20,666
Accrued expenses and other payables	-	2,600	-	100,000	102,600
Amount due to broker	-	41,568	-	-	41,568
Net assets attributable to unitholders*	5,661,253	-	-	-	5,661,253
Total financial liabilities	5,661,253	109,832	-	100,000	5,871,085

\* Subject to redemption terms of the Sub-fund.

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	On demand HKD	Within 1 month HKD	1 month to 3 months HKD	More than 3 months to 1 year HKD	Total HKD
As at 31 December 2018					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	16,341,227	-	-	16,341,227
Amount due from Manager	-	-	20	-	20
Dividend receivables	-	-	26	-	26
Cash and cash equivalents	3,278,044	-	-	-	3,278,044
Total financial assets	3,278,044	16,341,227	46	-	19,619,317

	On demand HKD	Within 1 month HKD	1 month to 3 months HKD	More than 3 months to 1 year HKD	Total HKD
As at 31 December 2018					
<u>Financial liabilities</u>					
Management fee payable	-	16,992	-	-	16,992
Trustee fee payable	-	20,000	-	-	20,000
Accrued expenses and other payables	-	600	-	109,430	110,030
Net assets attributable to unitholders*	19,472,295	-	-	-	19,472,295
Total financial liabilities	19,472,295	37,592	-	109,430	19,619,317

\* Subject to redemption terms of the Sub-fund.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Credit and counterparty risk

Credit risk is the risk of loss to the Sub-Fund that may arise on outstanding financial instruments should a counterparty default on its obligations. The Sub-Fund minimises exposure to credit risk by only dealing with creditworthy counterparties.

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

The Manager's policy is to closely monitor the creditworthiness of the Sub-Fund's counterparties (e.g., brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

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

**Financial assets subject to IFRS 9's impairment requirements**

The Sub-Fund's financial assets subject to the ECL model within IFRS 9 are only cash and cash equivalents, amounts due from the Manager and amounts due from the brokers. As at 31 December 2019, the total of cash and cash equivalents, amount due from the Manager and brokers was HKD472,848 on which no loss allowance had been provided (2018: total of HKD3,278,090 on which no loss had been incurred). There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Credit and counterparty risk (continued)

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

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

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

**Financial assets not subject to IFRS 9's impairment requirements**

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

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of assets held with the Custodian. The tables below summarise the Sub-Fund's assets placed with the Custodian and their related credit ratings from Standard & Poor's ("S&P"):

31 December 2019

	HKD	Credit rating	Source of credit rating
<u>Custodians</u>			
Bank of China (Hong Kong) Limited	5,397,985	A+	S&P

31 December 2018

	HKD	Credit rating	Source of credit rating
<u>Custodians</u>			
Bank of China (Hong Kong) Limited	16,341,227	A+	S&P

The Manager of the Sub-Fund considers that none of these assets are impaired nor past due as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

13 EVENTS AFTER THE REPORTING PERIOD

The outbreak of Coronavirus Disease ("COVID-19 outbreak") in early 2020 has had significant impact on global financial markets. The Manager will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Sub-Fund. As the COVID-19 outbreak occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period, and accordingly no adjustments have been made to the financial statements as at 31 December 2019 for the impacts of COVID-19 outbreak. The Manager will continue to remain alert to the situation and monitor the subscriptions and redemptions of the Sub-Fund. During the period between the end of the reporting period and the date of authorisation of these financial statements, there was a net subscription of 187,185 Class A units of the Sub-Fund.

14 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 24 April 2020.

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

INVESTMENT PORTFOLIO

31 December 2019

	Nominal Value/ Quantity HKD	Fair Value HKD	% of net asset
<b><u>LISTED SECURITIES</u></b>			
<b>Hong Kong</b>			
ALIBABA GROUP HLDG LTD	200	41,440	0.73%
ASM PACIFIC TECHNOLOGY LTD	300	32,430	0.57%
AVICHINA INDUSTRY & TECHNOLOGY CO LTD-H	15,000	52,650	0.93%
CHINA CONSTRUCTION BANK CORP-H	34,000	228,820	4.04%
CHINA FEIHE LTD	6,000	54,900	0.97%
CHINA LIFE INSURANCE CO LTD-H	8,000	173,200	3.06%
CHINA MERCHANTS BANK CO LTD-H	2,500	100,125	1.77%
CHINA MOBILE LTD	1,500	98,250	1.74%
CHINA NATIONAL BUILDING MATERIAL CO LTD-H	6,000	52,200	0.92%
CHINA RESOURCES BEER HLDGS CO LTD	2,000	86,200	1.52%
CHINA VANKE CO LTD-H	6,800	226,100	3.99%
CHINA YUHUA EDUCATION CORP LTD	14,000	73,780	1.30%
FRONTAGE HLDGS CORP	24,000	106,080	1.87%
GALAXY ENTERTAINMENT GROUP LTD	2,000	114,800	2.03%
GENSCRIPT BIOTECH CORP	2,000	35,400	0.63%
HONG KONG EXCHANGES & CLEARING LTD	800	202,400	3.58%
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	20,000	120,000	2.12%
MEITUAN DIANPING-CLASS B	1,000	101,900	1.80%
PETROCHINA CO LTD-H	42,000	164,220	2.90%
PHARMARON BEIJING CO LTD-H	1,200	52,200	0.92%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	3,500	322,350	5.69%
POLY PROPERTY DEVELOPMENT CO LTD-H	3,000	140,250	2.48%
SHANGHAI KINDLY MEDICAL INSTRUMENTS CO LTD-H	10,000	119,400	2.11%
SHANDONG GOLD MINING CO LTD-H	3,000	55,560	0.98%
SHANGHAI KINDLY MEDICAL INSTRUMENTS CO LTD-H	1,600	49,680	0.88%
SHENZHOU INTL GROUP HLDGS LTD	1,000	113,900	2.01%
SHIMAO PROPERTY HLDGS LTD	4,500	135,900	2.40%
SINO BIOPHARMACEUTICAL LTD	10,000	109,000	1.93%
SUN ART RETAIL GROUP LTD	5,500	51,975	0.92%
SUNAC CHINA HLDGS LTD	3,000	139,650	2.47%
TENCENT HLDGS LTD	1,400	525,840	9.29%
WEICHAI POWER CO LTD-H	4,000	65,760	1.16%
WH GROUP LTD	13,000	104,650	1.85%
WUXI BIOLOGICS CAYMAN INC	2,000	197,300	3.49%
XD INC	2,000	34,000	0.60%
YICHANG HEC CHANGJIANG PHARMACEUTICAL CO LTD-H	1,000	44,250	0.78%
ZTE CORP-H	5,000	119,250	2.11%
<i>Total of equity securities traded in Hong Kong</i>		4,445,810	78.54%
<b>United States</b>			
ALIBABA GROUP HLDG LTD-SPONSORED ADR	300	495,469	8.75%
BAIDU INC-ADR	200	196,848	3.48%
JD.COM INC-ADR	400	109,730	1.94%
TAL EDUCATION GROUP-ADR	400	150,128	2.65%
<i>Total of equity securities traded in United States</i>		952,175	16.82%
<b>Total investment portfolio (Cost: HKD 4,827,046)</b>		5,397,985	95.36%
<b>Other assets</b>		473,100	8.35%
<b>Total assets</b>		5,871,085	103.71%
<b>Total net assets</b>		5,661,253	100.00%

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

MOVEMENT IN PORTFOLIO HOLDINGS

31 December 2019

	As at 31 December 2018	Movement in holdings			As at 31 December 2019
		Addition	Bonus/ Dividends	Disposal	
<b>LISTED SECURITIES</b>					
<b>Hong Kong</b>					
AAC TECHNOLOGIES HLDGS INC	-	500	-	(500)	-
AGRICULTURAL BANK OF CHINA LTD-H	-	31,000	-	(31,000)	-
AIA GROUP LTD	9,000	-	-	(9,000)	-
ALIBABA GROUP HLDG LTD	-	200	-	-	200
A-LIVING SERVICES CO LTD-H	-	3,750	-	(3,750)	-
ASCLETIS PHARMA INC-B	-	6,000	-	(6,000)	-
ASM PACIFIC TECHNOLOGY LTD	-	600	-	(300)	300
AVICHINA INDUSTRY & TECHNOLOGY CO LTD-H	115,000	43,000	-	(143,000)	15,000
CHINA CONSTRUCTION BANK CORP-H	155,000	7,000	-	(128,000)	34,000
CHINA EAST EDUCATION HLDGS LTD	-	4,000	-	(4,000)	-
CHINA EASTERN AIRLINES CORP LTD-H	-	4,000	-	(4,000)	-
CHINA EVERBRIGHT INTL LTD	78,000	-	-	(78,000)	-
CHINA FEIHE LTD	-	6,000	-	-	6,000
CHINA GAS HLDGS LTD	27,800	-	-	(27,800)	-
CHINA JINMAO HLDGS GROUP LTD	54,000	28,000	-	(82,000)	-
CHINA LIFE INSURANCE CO LTD-H	-	8,000	-	-	8,000
CHINA MERCHANTS BANK CO LTD-H	26,000	500	-	(24,000)	2,500
CHINA MOBILE LTD	5,500	500	-	(4,500)	1,500
CHINA NATIONAL BUILDING MATERIAL CO LTD-H	-	14,000	-	(8,000)	6,000
CHINA OVERSEAS LAND & INVESTMENT LTD	-	6,000	-	(6,000)	-
CHINA RAILWAY CONSTRUCTION CORP LTD-H	-	6,000	-	(6,000)	-
CHINA RESOURCES BEER HLDGS CO LTD	-	2,000	-	-	2,000
CHINA RESOURCES CEMENT HLDGS LTD	28,000	-	-	(28,000)	-
CHINA RESOURCES LAND LTD	-	12,000	-	(12,000)	-
CHINA RESOURCES POWER HLDGS CO	-	12,000	-	(12,000)	-
CHINA STATE CONSTRUCTION INTL HLDGS LTD	32,000	-	-	(32,000)	-
CHINA TAIPING INSURANCE HLDGS CO LTD	19,000	-	-	(19,000)	-
CHINA TOWER CORP LTD-H	-	56,000	-	(56,000)	-
CHINA UNICOM (HONG KONG) LTD	-	8,000	-	(8,000)	-
CHINA VANKE CO LTD-H	15,700	6,800	-	(15,700)	6,800
CHINA YUHUA EDUCATION CORP LTD	142,000	14,000	-	(142,000)	14,000
CHINA ZHENG TONG AUTO SERVICES HLDGS LTD	108,000	-	-	(108,000)	-
CHINASOFT INTL LTD	-	20,000	-	(20,000)	-
CIMC ENRIC HLDGS LTD	-	6,000	-	(6,000)	-
CNOOC LTD	-	13,000	-	(13,000)	-
CSPC PHARMACEUTICAL GROUP LTD	52,000	10,000	-	(62,000)	-
CSTONE PHARMACEUTICALS	-	3,000	-	(3,000)	-
DONGFENG MOTOR GROUP CO LTD-H	-	6,000	-	(6,000)	-
FIT HON TENG LTD	-	14,000	-	(14,000)	-
FRONTAGE HLDGS CORP	-	24,000	-	-	24,000
GALAXY ENTERTAINMENT GROUP LTD	-	4,000	-	(2,000)	2,000
GENSCRIPT BIOTECH CORP	-	2,000	-	-	2,000
HAITONG SECURITIES CO LTD-H	-	23,600	-	(23,600)	-
HONG KONG EXCHANGES & CLEARING LTD	-	1,100	-	(300)	800
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	111,000	5,000	-	(96,000)	20,000
KOOLEARN TECHNOLOGY HLDG LTD	-	2,500	-	(2,500)	-
LI NING CO LTD	-	3,000	-	(3,000)	-
LINK REAL ESTATE INVESTMENT TRUST	-	500	-	(500)	-
LUYE PHARMA GROUP LTD	-	4,000	-	(4,000)	-
MEITUAN DIANPING-CLASS B	-	1,000	-	-	1,000
MGM CHINA HLDGS LTD	-	4,000	-	(4,000)	-
MTR CORP LTD	560	-	-	(560)	-
NINE DRAGONS PAPER HLDGS LTD	-	13,000	-	(13,000)	-
PEOPLE'S INSURANCE CO (GROUP) OF CHINA LTD-H	147,000	-	-	(147,000)	-
PETROCHINA CO LTD-H	168,000	42,000	-	(168,000)	42,000
PHARMARON BEIJING CO LTD-H	-	1,200	-	-	1,200
PING AN INSURANCE GROUP CO OF CHINA LTD-H	17,500	-	-	(14,000)	3,500
POLY PROPERTY DEVELOPMENT CO LTD-H	-	3,000	-	-	3,000
SANY HEAVY EQUIPMENT INTL HLDGS CO LTD	-	11,000	-	(11,000)	-
SEMICONDUCTOR MANUFACTURING INTL CORP	-	10,000	-	-	10,000

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

MOVEMENT IN PORTFOLIO HOLDINGS (CONTINUED)

31 December 2019

	As at 31 December 2018	Movement in holdings			As at 31 December 2019
		Addition	Bonus/ Dividends	Disposal	
<b>LISTED SECURITIES</b>					
<b>Hong Kong</b>					
SHANDONG GOLD MINING CO LTD-H	-	7,000	-	(4,000)	3,000
SHANGHAI KINDLY MEDICAL INSTRUMENTS CO LTD-H	-	1,600	-	-	1,600
SHENZHOU INTL GROUP HLDGS LTD	-	1,000	-	-	1,000
SHIMAO PROPERTY HLDGS LTD	14,500	-	-	(10,000)	4,500
SICHUAN LANGUANG JUSTBON SERVICES GROUP CO LTD-H	-	2,400	-	(2,400)	-
SINO BIOPHARMACEUTICAL LTD	113,000	10,000	-	(113,000)	10,000
SUN ART RETAIL GROUP LTD	-	12,500	-	(7,000)	5,500
SUN HUNG KAI PROPERTIES LTD	-	2,000	-	(2,000)	-
SUNAC CHINA HLDGS LTD	-	3,000	-	-	3,000
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	-	200	-	(200)	-
TENCENT HLDGS LTD	5,100	100	-	(3,800)	1,400
TONGDA GROUP HLDGS LTD	-	50,000	-	(50,000)	-
WEICHAI POWER CO LTD-H	-	4,000	-	-	4,000
WH GROUP LTD	-	20,000	-	(7,000)	13,000
WUXI BIOLOGICS CAYMAN INC	-	2,000	-	-	2,000
XD INC	-	2,000	-	-	2,000
XIAOMI CORP-CLASS B SHARE	-	15,800	-	(15,800)	-
YANZHOU COAL MINING CO LTD-H	46,000	-	-	(46,000)	-
YICHANG HEC CHANGJIANG PHARMACEUTICAL CO LTD-H	14,600	1,000	-	(14,600)	1,000
ZIJIN MINING GROUP CO LTD-H	-	20,000	-	(20,000)	-
ZTE CORP-H	-	5,000	-	-	5,000
<b>United States</b>					
ALIBABA GROUP HLDG LTD-SPONSORED ADR	1,600	-	-	(1,300)	300
BAIDU INC-ADR	-	300	-	(100)	200
BAOZUN INC-SPONSORED ADR	-	800	-	(800)	-
BITAUTO HLDGS LTD-ADR	-	500	-	(500)	-
HUAMI CORP-SPONSORED ADR	-	300	-	(300)	-
HUAZHU GROUP LTD-SPONSORED ADR	-	300	-	(300)	-
HUYA INC-ADR	-	600	-	(600)	-
JD.COM INC-ADR	-	400	-	-	400
JOYY INC-SOPNSORED ADR	-	600	-	(600)	-
PINDUODUO INC-SPONSORED ADR	-	600	-	(600)	-
SOHU.COM LTD-SPONSORED ADR	-	200	-	(200)	-
TENCENT MUSIC ENTERTAINMENT GROUP	1	-	(1)	-	-
TAL EDUCATION GROUP-ADR	-	400	-	-	400
TRIP.COM GROUP LTD-ADR	-	300	-	(300)	-
VIPSHOP HLDGS LTD-ADS	17,200	-	-	(17,200)	-
<b>Total investment portfolio</b>	<b>1,523,061</b>	<b>671,650</b>	<b>(1)</b>	<b>(1,930,610)</b>	<b>264,100</b>

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
(a sub-fund of ChinaAMC Select Fund)

PERFORMANCE TABLE

Net asset value attributable to unitholders

	Net assets value per unit HKD	Net assets attributable to unitholders HKD
31 December 2019		
Class I	11.5772	5,278,386
Class A	10.5539	382,867
31 December 2018		
Class I	9.9850	19,444,194
Class A	9.3698	28,101
31 December 2017		
Class I	13.0469	90,729,076

Highest issue and lowest redemption prices per unit<sup>1</sup>

	Highest issue unit price HKD	Lowest redemption unit price HKD
Year ended 31 December 2019		
Class I	11.7140	9.6677
Class A	10.8960	9.0705
Year ended 31 December 2018		
Class I	14.4056	9.8792
Class A	10.2850	9.2678
Year ended 31 December 2017		
Class I	13.2761	8.8898
Year ended 31 December 2016		
Class I	9.2263	6.6049
Period from 27 May 2015 (date of inception) to 31 December 2015		
Class I	10.1937	6.5961

<sup>1</sup> Past performance figures shown are not indicative of the future performance of the Sub-Fund.

With effect from 1 September 2016, investment objective of the Sub-Fund was changed. Performance information for periods prior to 1 September 2016 does not reflect the current investment strategy.



**华夏基金(香港)有限公司**  
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