

ChinaAMC Select Fund  
**ChinaAMC Select Money Market Fund**

Annual Report

Period from 29 March 2019 (date of inception) to  
31 December 2019



ANNUAL REPORT

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

Period from 29 March 2019 (date of inception) to 31 December 2019

CHINAAMC SELECT MONEY MARKET 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-money-market-fund/fund-details.html>

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

CHINAAMC SELECT MONEY MARKET 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 MONEY MARKET FUND  
(a sub-fund of ChinaAMC Select Fund)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

ChinaAMC Select Money Market Fund (the "Sub-Fund") is a sub-fund of ChinaAMC Select Fund, an umbrella unit trust established under the laws of Hong Kong pursuant to the trust deed dated 12 January 2012, as amended or supplemented from time to time. The Sub-Fund seeks to achieve capital appreciation by directly or indirectly investing not less than 70% of the net asset value of the Sub-Fund in fixed income and debt instruments in markets worldwide. The Sub-Fund will maintain a portfolio with weighted average maturity not exceeding 60 days and a weighted average life not exceeding 120 days and will not purchase an instrument with a remaining maturity of more than 397 days, or two years in the case of Government and other public securities.

Market Review

Global markets have been volatile in last quarter, triggered much by the concerns on trade tariff protectionism, global slowdown, geopolitical risks amid event in Middle East and Brexit. The Federal Reserve (the "Fed") carried out a second rate cut this year in September, but the "dot plot" showed that officials are divided over whether there will be further rate cut during the year. However, recent data reflects that the impact of tariffs on United States ("US") manufacturing is emerging, and the international trade situation is still tense. The market is expecting the US central bank to have additional rate cut(s) this year. The Fed's funds rate futures reflects an around 70% chance of the central bank lifting interest rates in October. In early August, the US suddenly imposed tariffs on China, triggering a rapid deterioration in bilateral ties. Furthermore, tepid economic data from both the US and Europe added to concerns over a slowing world economy, with funds flowing into safe haven assets like the US treasuries which surged, resulting in plunging yields (eventually rebounded in mid-to-late August). Even though the outcome of the recent Federal Open Market Committee meeting was not as dovish as expected, there had been no significant change in the US treasury yields after the meeting. The yields were even dropped recently. Compared to the current monetary policy stance, future movement of the US treasury yields may hinge more on progress in Sino-US trade negotiations and the condition of the domestic economy and inflation. The accommodative monetary policy of major global central banks and the continuous expansion of the amount of negative yielding global debt are making Asian bonds, which normally have higher yields than developed market bonds, become more attractive this year. However, under the uncertainty of Sino-US trade negotiations and the downward pressure of China's economic growth, Asia investment grade bonds are likely preferred in this quarter, but for high-yield bonds, particularly those with weak credit profiles are avoided.

China Asset Management (Hong Kong) Limited  
24 April 2020

CHINAAMC SELECT MONEY MARKET FUND  
(a sub-fund of ChinaAMC Select Fund)

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 Money Market Fund (a sub-fund of ChinaAMC Select Fund) for the period from 29 March 2019 (date of inception) to 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 Money Market 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 Money Market Fund (a sub-fund of ChinaAMC Select Fund (the "Trust") and referred to as the "Sub-Fund") set out on pages 7 to 31, 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 and the statement of cash flows for the period from 29 March 2019 (date of inception) to 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2019, and of its financial performance and its cash flows for the period from 29 March 2019 (date of inception) to 31 December 2019 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 MONEY MARKET 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 MONEY MARKET 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 MONEY MARKET FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 29 March 2019 (date of inception) to 31 December 2019

	Notes	USD
<b>INCOME</b>		
Interest income on financial assets at fair value through profit or loss		58,153
Interest income on bank deposits		<u>73,186</u>
		131,339
<b>EXPENSES</b>		
Management fee	5	( 2,541)
Trustee fee	5	( 13,562)
Custodian fee	5	( 761)
Auditors' remuneration		( 15,000)
Preliminary expenses		( 65,000)
Transaction handling fee	5	( 540)
Legal and professional fees		( 2,620)
Other expenses		( 1,568)
		<u>( 101,592)</u>
<b>PROFIT BEFORE INVESTMENT AND EXCHANGE DIFFERENCES</b>		29,747
<b>INVESTMENT GAINS AND EXCHANGE DIFFERENCES</b>		
Net losses on financial assets at fair value through profit or loss		( 4,499)
Exchange gain		<u>5,615</u>
<b>NET INVESTMENT AND EXCHANGE GAINS</b>		<u>1,116</u>
<b>PROFIT BEFORE TAX</b>		<u>30,863</u>
Withholding taxes	7	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>30,863</u></u>

CHINAAMC SELECT MONEY MARKET FUND  
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STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	USD
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	8	2,102,599
Interest receivable		44,784
Cash and cash equivalents	9	<u>12,525,314</u>
<b>TOTAL ASSETS</b>		<u><b>14,672,697</b></u>
<b>LIABILITIES</b>		
Management fee payable	5	1,737
Trustee fee payable	5	567
Accrued expenses and other payables		35,729
Amount due to broker		<u>306,428</u>
<b>TOTAL LIABILITIES</b>		<u><b>344,461</b></u>
<b>EQUITY</b>		
Net assets attributable to unitholders	10	<u><b>14,328,236</b></u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u><u><b>14,672,697</b></u></u>

CHINAAMC SELECT MONEY MARKET FUND  
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STATEMENT OF CHANGES IN EQUITY

Period from 29 March 2019 (date of inception) to 31 December 2019

	Number of Units	USD
As at 29 March 2019 (date of inception)	-	-
Subscription of units - Class I HKD	11,149,759	14,297,373
Total comprehensive income	-	30,863
At 31 December 2019	<u>11,149,759</u>	<u>14,328,236</u>
NUMBER OF UNITS IN ISSUE - Class I HKD		11,149,759
NET ASSET VALUE PER UNIT - Class I HKD		HKD10.0037

CHINAAMC SELECT MONEY MARKET FUND  
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STATEMENT OF CASH FLOWS

Period from 29 March 2019 (date of inception) to 31 December 2019

	Notes	USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax		30,863
Adjustments for:		
Increase in financial asset at fair value through profit or loss		( 2,102,599)
Increase in interest receivable		( 44,784)
Increase in management fee payable		1,737
Increase in trustee fee payable		567
Increase in accrued expenses and other payables		35,729
Increase in amounts due to broker		306,428
Net cash flows used in operating activities		<u>( 1,772,059)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds on issue of units		<u>14,297,373</u>
Net cash flows generated from financing activity		<u>14,297,373</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>12,525,314</b>
Cash and cash equivalents at beginning of the period		-
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b><u>12,525,314</u></b>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash at banks	9	6,754,675
Short-term deposits	9	<u>5,770,639</u>
		<u>12,525,314</u>
Net cash generate from operating activities includes:		
Interest income on bank deposits		<u>73,186</u>

CHINAAMC SELECT MONEY MARKET 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 Money Market 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 29 March 2019. As at 31 December 2019, there are five other sub-funds established under the Trust and the inception dates are as follow:

	Inception date
ChinaAMC Select RMB Bond Fund	21 February 2012
ChinaAMC Select China New Economy Fund	27 May 2015
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

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 Sub-Fund's objective is to invest in short-term deposits, high quality money market instruments of varying maturities and such other securities as permitted by the SFC Code. The Sub-Fund seeks to achieve long-term return in United States Dollars ("USD") in line with prevailing money market rates, with primary considerations of both capital security and liquidity, by investing not less than 70% of the net asset value of the Sub-Fund in US dollar-denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, and financial institutions globally.

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 USD and all values are rounded to the nearest USD except where otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting period 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.

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

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 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.

*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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency

The Sub-Fund's functional currency is USD, 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 USD.

Therefore, the USD 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 USD.

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.

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, Class B units, Class F units and Class I units, which are redeemable at the unitholder's option. As at 31 December 2019, only Class I units were issued and were classified as equity.

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 the Sub-Fund redeemed on any Dealing Day to 10% of the total number of Units of the Sub-Fund in issue. In this event, the limitation will apply pro rata so that all Unitholders of the relevant Class or Classes of the Sub-Fund wishing to redeem Units of the Sub-Fund on that Dealing Day will redeem the same proportion of such Units, and 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 over subsequent redemption requests received in respect of such subsequent Dealing Day. If requests for redemption are so carried forward, the Trustee will inform the Unitholders concerned.

With a view to managing the liquidity of the Sub-Fund, achieving fair treatment of Unitholders, and safeguarding the interests of remaining Unitholders in case of sizeable redemptions, upon consultation with the Trustee from time to time, the Manager is also entitled to limit the amount of redemption request from an individual Unitholder on any Dealing Day to HKD10,000 or the equivalent in another currency under extreme market circumstances at the Manager's discretion. In this event, any Units not redeemed will be carried forward for redemption, subject to the same limitation. If requests for redemption are so carried forward, the Manager will promptly 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

Upon issuance of redeemable units, the consideration received is included in equity. Transaction costs incurred by the Sub-Fund in issuing 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.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Distributions to unitholders

Distributions are at the discretion of the Sub-Fund. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager.

Cash and cash equivalents

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

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

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

Net change in unrealised gains or losses on financial assets at FVPL

This item includes changes in the fair value of financial assets held for trading and excludes interest income and expenses.

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

Net realised gains 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.

Amounts due from/to broker

Amounts due from broker 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.

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

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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:
- (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, 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.

Taxes

In some jurisdiction, 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 at 0.15% per annum for Class A Units, at 0.10% per annum for Class B Units, at 0.60% per annum for Class F Units and at 0.05% per annum for Class I Units of the net asset value of each class of Units of the Sub-Fund calculated on a daily basis and accrued as at the relevant Valuation Point and payable monthly in arrears in relation to Units

The management fee for the period from 29 March 2019 (date of inception) to 31 December 2019 was USD2,541. As at 31 December 2019, management fee of USD1,737 was payable to the Manager.

(b) Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, at current rates up to 0.5% (current level up to 0.075%) per annum, based on the net asset value, subject to minimum monthly fee of USD4,000, which is reduced by 50% from 29 March 2019 (date of inception) to 31 March 2020, and accrued on each valuation day and is paid monthly in arrears.

The trustee fee for the period from 29 March 2019 (date of inception) to 31 December 2019 was USD13,562. As at 31 December 2019, trustee fee of USD567 was payable to the Trustee.

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

(c) Custodian fee

The Custodian is entitled to receive custodian fees from the Sub-Fund, at a current rate of up to 0.025% (up to a maximum of 0.1%) per annum, calculated monthly and is paid monthly in arrears.

The custodian fees for the period from 29 March 2019 (date of inception) to 31 December 2019 were USD761. As at 31 December 2019, there was no custodian fee payable to the Custodian.

(d) Transaction handling fee

Transaction handling fee pertain to the administrative fees for every transaction made through the Administrator at USD10 per transaction made. The transaction handling fee for the period from 29 March 2019 (date of inception) to 31 December 2019 was USD540. As at 31 December 2019, transaction handling fee of USD155 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 USD1,219 for the period from 29 March 2019 (date of inception) to 31 December 2019. Further details of the balance held are described in note 9 to the financial statements.

(f) Investment transactions with connected persons of the Manager and the Trustee

CITIC Securities Company Limited was the Manager's affiliate.

	Aggregate value of purchases and sales of securities USD	Total commission paid USD	% of Sub-Fund's total transactions during the year %	Average commission Rate %
2019				
CITIC Securities Company Limited	300,873	-	1.97%	-

Bank of China (Hong Kong) Limited was the Trustee's affiliate.

	Aggregate value of purchases and sales of securities USD	Total commission paid USD	% of Sub-Fund's total transactions during the year %	Average commission Rate %
2019				
Bank of China (Hong Kong) Limited	203,110	-	1.33%	-

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

(g) Holdings in the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund. The holdings in the Sub-Fund by the Manager and its connected persons as at 31 December 2019 were as follows:

31 December 2019

	Units subscribed during the period	Units redeemed during the period	Units outstanding at 31 December 2019
<u>Class I HKD units held by:</u>			
ChinaAMC International Holdings Limited HSBC NOMINEES (HONG KONG) LIMITED/FS/HSBC NOMS HK/CHINAAMC NASDAQ1XIP	5,000,000.00	-	5,000,000.00
HSBC NOMINEES (HONG KONG) LIMITED/FS/HSBC NOMS HK/CHINAAMC NASDAQ2XLP	2,136,071.22	-	2,136,071.22
HSBC NOMINEES (HONG KONG) LIMITED/FS/HSBC NOMS HK/HKIC- CAMC HSI-1X	683,144.46	-	683,144.46
HSBC NOMINEES (HONG KONG) LIMITED/FS/HSBC NOMS HK/HKIC- CAMC HSCEI 2XL	672,190.24	-	672,190.24
HSBC NOMINEES (HONG KONG) LIMITED/FS/HSBC NOMS HK/HKIC- CAMC HSCEI-1X	428,210.08	-	428,210.08
HSBC NOMINEES (HONG KONG) LIMITED/FS/HSBC NOMS HK/HKIC- CAMC HSI 2XL	243,980.16	-	243,980.16
	<u>298,751.22</u>	-	<u>298,751.22</u>

6 SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund for the period from 29 March 2019 (date of inception) to 31 December 2019. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

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7 WITHHOLDING TAXES

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made for the Sub-Fund as the interest 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.

Other jurisdiction

Interest income and realised gain on disposal of investment of the Sub-Fund may be subject to withholding and other taxes levied by the jurisdiction in which the income is sourced. As the Sub-fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no liability has been recognised for the period from 29 March 2019 (date of inception) to 31 December 2019.

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	USD
Financial assets at fair value through profit or loss	
- debt securities	2,102,599
	<hr/>
Total financial assets at fair value through profit or loss	2,102,599
	<hr/> <hr/>

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

The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded prices fall 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 fulfill 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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8 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.

	Quoted prices in active markets Level 1 USD	Significant observable inputs Level 2 USD	Significant unobservable inputs Level 3 USD	Total USD
Financial assets at fair value through profit or loss				
- debt securities	-	2,102,599	-	2,102,599
	<u>-</u>	<u>2,102,599</u>	<u>-</u>	<u>2,102,599</u>

As at 31 December 2019, the Sub-Fund invested in debt and categories the investments within Level 2. There are no investments classified within Level 1 and Level 3 and no transfers between levels for the period from 29 March 2019 (date of inception) to 31 December 2019.

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9 CASH AND CASH EQUIVALENTS

	USD
Cash at banks	6,754,675
Short term deposits:	
China Everbright Bank Hong Kong Branch	1,915,039
Agricultural Bank of China Hong Kong Branch	1,982,141
China Minsheng Banking Corp., Ltd. Hong Kong Branch	1,873,459
	12,525,314

The bank balance includes cash at bank held with Bank of China (Hong Kong) Limited, affiliate companies of the Trustee. Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Sub-Fund, and earn interests at the respective short-term deposit rates.

The bank balances are deposited with creditworthy banks with no recent history of default.

10 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.

	USD
Net assets attributable to unitholders (calculated in accordance with Explanatory Memorandum)	8,626,555
Adjustment for preliminary expenses (Note)	( 54,612)
Adjustment for year-end capital transactions	5,756,293
	14,328,236
Net assets attributable to unitholders (per unit) (calculated in accordance with Explanatory Memorandum) Class I HKD	HKD 10.0418
Net assets attributable to unitholders (per unit) (calculated in accordance with IFRSs) Class I HKD	HKD 10.0037

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10 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

Capital management (continued)

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. The unamortised amount was USD54,612 and the remaining period was 51 months as at 31 December 2019.

11 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 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 interest rate risk and foreign exchange risk.

(i) 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.

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

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

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11 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

The following table demonstrates the sensitivity of the Sub-Fund's profit or loss for the period from 29 March 2019 (date of inception) to 31 December 2019 to a reasonably possible change in interest rates, with all other variables held constant.

	Change in basis points	Sensitivity of change in fair value of investments (decrease)/increase USD
2019		
Debt securities	+25	(417)
Debt securities	-25	417

The Sub-Fund also has interest-bearing bank deposits. As the bank deposits have maturity dates within three months, the Manager considers the movement in interest rates will not have significant cash flow impact on the net assets attributable to unitholders for the period from 29 March 2019 (date of inception) to 31 December 2019, and therefore no sensitivity analysis on bank deposit is presented.

(ii) 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 USD, 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.

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11 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Risk management (continued)

(b) Liquidity risk (continued)

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.

	On demand USD	Within 1 month USD	1 month to 3 months USD	More than 3 months to 1 year USD	Total USD
As at 31 December 2019					
<u>Financial assets</u>					
Financial assets at fair value					
through profit or loss	-	2,102,599	-	-	2,102,599
Interest receivables	-	38,186	5,237	1,361	44,784
Cash and cash equivalents	6,754,675	5,513,719	256,920	-	12,525,314
Total financial assets	<u>6,754,675</u>	<u>7,654,504</u>	<u>262,157</u>	<u>1,361</u>	<u>14,672,697</u>
<u>Financial liabilities</u>					
Management fee payable	-	1,737	-	-	1,737
Trustee fee payable	-	567	-	-	567
Amount due to broker	-	306,428	-	-	306,428
Accrued expenses and other payables	-	244	-	35,485	35,729
Total financial liabilities	<u>-</u>	<u>308,976</u>	<u>-</u>	<u>35,485</u>	<u>344,461</u>

NOTES TO THE FINANCIAL STATEMENTS

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11 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Risk management (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, and interest receivables. As at 31 December 2019, the total of cash and cash equivalents, and interest receivables were USD12,570,098 on which no loss allowance had been provided. 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 period.

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 still 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, 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.

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11 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Risk management (continued)

(c) Credit and counterparty risk (continued)

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

The Sub-Fund's short-term deposits are potentially subject to concentrations of counterparty risk consist principally of assets held with the banks. The table below summarise the Sub-Fund's short-term deposits placed with the banks and their credit ratings from Moody's and Standard & Poor's ("S&P"):

<u>31 December 2019</u>	USD	Credit rating	Source of credit rating
<u>Cash and cash equivalents</u>			
<u>– Short term deposits</u>			
China Everbright Bank Hong Kong Branch	1,915,039	Baa2	Moody's
Agricultural Bank of China Hong Kong Branch	1,982,141	A1	Moody's
China Minsheng Banking Corp., Ltd. Hong Kong Branch	1,873,459	BBB-	S&P

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

The Sub-Fund is exposed to credit risk on debt securities. This class of financial assets is not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets, 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 invested in fixed income and debt instruments issued or guaranteed by supranational bodies, governments, government agencies, local authorities, and companies in any sector that carry a credit rating grade of at least Baa3 or BBB- or equivalent assigned by one of the local rating agencies recognised by the relevant authorities in the PRC.

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 S&P:

<u>31 December 2019</u>	USD	Credit rating	Source of credit rating
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	2,102,599	A+	S&P

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

CHINAAMC SELECT MONEY MARKET FUND  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2019

12 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 were a net subscription of 105 Class A units and a net redemption of 1,232,637 Class I units of the Sub-Fund.

13 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 MONEY MARKET FUND  
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INVESTMENT PORTFOLIO

31 December 2019

	Nominal value (in USD)	Fair value (in USD)	% of net assets
<b>DEBT SECURITIES</b>			
<b>AUSTRALIA</b>			
BAOSTEEL FINANCING 2015 PTY LTD 3.875% S/A 28JAN2020	300,000	300,162 <u>300,162</u>	2.09% <u>2.09%</u>
<b>CAYMAN</b>			
COUNTRY GARDEN HLDGS CO LTD 7.5% S/A 09MAR2020	200,000	201,484 <u>201,484</u>	1.41% <u>1.41%</u>
<b>BRITISH VIRGIN ISLANDS</b>			
CENTRAL PLAZA DEVELOPMENT LTD 3.875% S/A 25JAN2020	300,000	300,117	2.09%
CHINA SHENHUA OVERSEAS CAPITAL CO LTD 3.125% S/A 20JAN2020	500,000	500,105	3.49%
COASTAL EMERALD LTD 5.95% S/A 13JAN2020	300,000	300,189	2.10%
HAITONG INTL FINANCE HLDGS 2015 LTD 3.5% S/A 21APR2020	200,000	200,428	1.40%
HUARONG FINANCE II CO LTD 4.5% S/A 16JAN2020	300,000	300,114 <u>1,600,953</u>	2.09% <u>11.17%</u>
Total investment portfolio (cost: USD2,108,207)		2,102,599	14.67%
Other assets		<u>12,570,098</u>	<u>87.73%</u>
Total assets		14,672,697	102.40%
Total net assets		<u><u>14,328,236</u></u>	<u><u>100.00%</u></u>
		<b>Days</b>	
Portfolio weighted average maturity in days		30.080	
Portfolio weighted average life in days		17.882	
		<b>Fair value (in USD)</b>	<b>% of net assets</b>
Daily liquid assets		14,379,694	100.36%
Weekly liquid assets		14,379,694	100.36%

CHINAAMC SELECT MONEY MARKET FUND  
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MOVEMENT IN PORTFOLIO HOLDINGS

31 DECEMBER 2019

	As at 29 March 2019	Movement in holdings			As at 31 December 2019
		Addition	Bonus/ Dividends	Disposal	
<b><u>Debt Securities</u></b>					
AIRVESSEL FINANCE HLDG LTD 3.25% S/A 11AUG2019	-	300,000	-	(300,000)	-
BANK OF BARODA/LONDON 4.875% S/A 23JUL2019 REGS	-	300,000	-	(300,000)	-
BAOSTEEL FINANCING 2015 PTY LTD 3.875% S/A 28JAN2020	-	300,000	-	-	300,000
BLUESTAR FINANCE HLDGS LTD 3.125% S/A 30SEP2019	-	300,000	-	(300,000)	-
CAIYUN INTL INVESTMENT LTD 3.125% S/A 12JUL2019	-	300,000	-	(300,000)	-
CCBL CAYMAN 1 CORP LTD 2.375% S/A 31MAY2019	-	300,000	-	(300,000)	-
CENTRAL PLAZA DEVELOPMENT LTD 3.875% S/A 25JAN2020	-	300,000	-	-	300,000
CHINA SHENHUA OVERSEAS CAPITAL CO LTD 3.125% S/A 20JAN2020	-	500,000	-	-	500,000
CHONGQING NAN'AN URBAN CONSTRUCTION & DEVELOPMENT GROUP CO LTD 2.875% S/A 19JUL2019	-	300,000	-	(300,000)	-
CICC HONG KONG FINANCE 2016 MTN LTD 2.75% S/A 18MAY2019	-	500,000	-	(500,000)	-
CMBLEMTN 1 LTD 2.625% S/A 29NOV2019	-	250,000	-	(250,000)	-
COASTAL EMERALD LTD 5.95% S/A 13JAN2020	-	300,000	-	-	300,000
COUNTRY GARDEN HLDGS CO LTD 7.5% S/A 09MAR2020	-	200,000	-	-	200,000
DONGXING VOYAGE CO LTD 2.25% S/A 27SEP2019	-	200,000	-	(200,000)	-
DOUBLE ROSY LTD 3.625% S/A 18NOV2019	-	500,000	-	(500,000)	-
HAITONG INTL FINANCE HLDGS 2015 LTD 3.5% S/A 21APR2020	-	200,000	-	-	200,000
HUARONG FINANCE CO LTD 4% S/A 17JUL2019	-	300,000	-	(300,000)	-
HUARONG FINANCE II CO LTD 2.875% S/A 22NOV2019	-	300,000	-	(300,000)	-
HUARONG FINANCE II CO LTD 4.5% S/A 16JAN2020	-	300,000	-	-	300,000
HUATAI INTL FINANCE I LTD 3.625% S/A 08OCT2019	-	300,000	-	(300,000)	-
OIL INDIA LTD 3.875% S/A 17APR2019	-	500,000	-	(500,000)	-
POLY REAL ESTATE FINANCE LTD 5.25% S/A 25APR2019	-	300,000	-	(300,000)	-
RAIL TRANSIT INTL INVESTMENT CO LTD 2.5% S/A 13MAY2019	-	200,000	-	(200,000)	-
SDSC INTL FINANCE LTD 3.625% S/A 12NOV2019	-	300,000	-	(300,000)	-

CHINAAMC SELECT MONEY MARKET FUND  
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MOVEMENT IN PORTFOLIO HOLDINGS (CONTINUED)

31 DECEMBER 2019

	As at 29 March 2019	Movement in holdings			As at 31 December 2019
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
SHOUGANG GROUP CO LTD 3.375% S/A 09DEC2019	-	200,000	-	(200,000)	-
VANKE REAL ESTATE HONG KONG CO LTD 3.95% S/A 23DEC2019	-	300,000	-	(300,000)	-
WUHAN METRO GROUP CO LTD 2.375% S/A 08NOV2019	-	300,000	-	(300,000)	-
ZHUZHOU CITY CONSTRUCTION DEVELOPMENT GROUP CO LTD 2.98% S/A 19OCT2019	-	300,000	-	(300,000)	-
<b>Total investment portfolio</b>	-	8,650,000	-	(6,550,000)	2,100,000

CHINAAMC SELECT MONEY MARKET FUND  
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PERFORMANCE TABLE (UNAUDITED)

Net asset value attributable to unitholders

	<b>Net asset value per unit</b>	<b>Net asset value attributable to unitholders</b>
As at 31 December 2019 - Class I HKD	HKD 10.0037	USD 14,328,236

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

	<b>Highest issue price per unit</b>	<b>Lowest redemption price per unit</b>
For the period from 29 March 2019 (date of inception) to 31 December 2019 - Class I HKD	HKD 10.0840	HKD 9.9558

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

