

ChinaAMC Select Fund

**ChinaAMC Select Dynamic
Fixed Income Fund**

Annual Report

For the period from
25 May 2023 (date of inception) to 31 December 2023



华夏基金
ChinaAMC

ANNUAL REPORT

CHINAAMC SELECT DYNAMIC FIXED INCOME 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 period from 25 May 2023 (date of inception) to
31 December 2023

CHINAAMC SELECT DYNAMIC FIXED INCOME 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:

https://www.chinaamc.com.hk/product/chinaamc-select-dynamic-fixed-income-fund/#prospectus_documents

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

CHINAAMC SELECT DYNAMIC FIXED INCOME 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

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

LEGAL ADVISER TO THE MANAGER

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

TRUSTEE, ADMINISTRATOR AND REGISTRAR

BOCI-Prudential Trustee Limited
Suites 1501-1507 & 1513-1516, 15/F,
1111 King's Road,
Taikoo Shing, Hong Kong

AUDITOR

Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

CUSTODIAN

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

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
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REPORT OF THE MANAGER TO THE UNITHOLDERS

The global markets experienced a complex and fast-changing year in 2023. Although investors' risk appetite fell briefly in March in response to the breakout of the U.S. banking crisis, the overall resilience of the U.S. economy far exceeded market expectations at the beginning of the year. In the meantime, falling commodity prices gradually brought down global inflation, leading to a rebound in risk assets. Assets that lagged in 2022 made a comeback in 2023.

Credit spreads fluctuated in a narrow range for most of the year, except for March. Supported by solid fundamentals and technical factors, credit spreads across most sectors hit their lowest point at the end of 2023. Among developed markets, the U.S. outperformed Europe, while in emerging markets, Asia outperformed Europe and Africa and the Middle East outperformed Latin America. In the case of Chinese-issued USD bonds, spreads for investment-grade bonds tightened, while high-yield real estate bonds continued to see a large number of defaults.

Entering 2024, market focus has gradually shifted from the end of the rate hike cycle to imminent rate cut. The aggressive fiscal policy and the wealth of residents and companies accumulated during COVID-19 propelled the better-than-expected performance of the U.S. economy in 2023. We expect the U.S. economy to slow down on a quarter-on-quarter basis compared to 2023, and technical recessions may occur in certain quarters. However, in our base scenario, the U.S. economy is able to withstand the impact of the current rate hike cycle, with only a shallow recession, and the probability of a deep recession is extremely low. Unlike previous economic cycles, there was no irrational bubbles before the current rate hike cycle, and the leverage of the financial system, residents and companies was at a relatively reasonable level. In addition, the Fed now has an enhanced policy mechanism, deeper insights into the economy, closer communications with the market, and stronger willingness to maintain a stable financial system.

We are cautiously optimistic about the global USD credit bond market in 2024. Since the second half of 2023, global credit spreads and benchmark interest rates has moved in the same direction after a six-month negatively correlated period. This suggests that the overall performance of credit bonds for most of the current rate hike cycle has been driven by technical factors instead of fundamentals. Historical data shows that the average performance of bond-like assets in the three months before the first rate cut leads major asset classes. With the overall yield of credit bonds remaining at its 20-year attractive level, it is worth incorporating the asset class into a long-term investment portfolio.

China Asset Management (Hong Kong) Limited
25 April 2024

CHINAAMC SELECT DYNAMIC FIXED INCOME 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 Dynamic Fixed Income Fund (a sub-fund of ChinaAMC Select Fund) for the period from 25 May 2023 (date of inception) to 31 December 2023 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

25 April 2024

Independent auditor's report

To the unitholders of ChinaAMC Select Dynamic Fixed Income 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 Dynamic Fixed Income Fund (a sub-fund of ChinaAMC Select Fund (the "Trust") and referred to as the "Sub-Fund") set out on pages 7 to 32, which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the period from 25 May 2023 (date of inception) to 31 December 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Sub-Fund as at 31 December 2023, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the 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 unitholders of ChinaAMC Select Dynamic Fixed Income 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 issued by IASB, and for such internal control as the Manager and the Trustee determine are 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, 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 unitholders of ChinaAMC Select Dynamic Fixed Income Fund

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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
25 April 2024

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 25 May 2023 (date of inception) to 31 December 2023

	Notes	Period from 25 May 2023 (date of Inception) to 31 December 2023 USD
INCOME		
Interest income on financial assets at fair value through profit or loss		92,707
Interest income on bank deposits	3(e)	15,206
Sundry Income		64
		<u>107,977</u>
EXPENSES		
Management fee	3(a)	(4,923)
Trustee fee	3(b)	(30,348)
Custodian fee and bank charges	3(c)	(1,814)
Auditors' remuneration		(15,000)
Preliminary expenses		(47,000)
Brokerage fees and other transaction costs	3(d)	(472)
Other expenses		(273)
		<u>(99,830)</u>
Less: Reimbursement of expenses by the Manager	3(g)	<u>46,546</u>
		<u>(53,284)</u>
PROFIT BEFORE INVESTMENT GAINS AND EXCHANGE DIFFERENCES		54,693
INVESTMENT GAINS		
Net gains on financial assets and liabilities at fair value through profit or loss		<u>42,304</u>
PROFIT BEFORE TAX		<u>96,997</u>
Withholding taxes	5	<u>-</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u><u>96,997</u></u>

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
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STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 USD
ASSETS		
Financial assets at fair value through profit or loss	6	3,418,894
Interest receivables		47,697
Amount due from Manager	3(g)	19,355
Cash and cash equivalents	7	652,279
TOTAL ASSETS		<u>4,138,225</u>
LIABILITIES		
Management fee payable	3(a)	2,093
Trustee fee payable	3(b)	4,200
Accrued expenses and other payables		34,935
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>41,228</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	8	<u>4,096,997</u>
TOTAL LIABILITIES		<u>4,138,225</u>

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 25 May 2023 (date of inception) to 31 December 2023

	Number of Units	USD
At 25 May 2023 (date of inception)	-	-
Subscription of units – Class I USD	400,000	4,000,000
Profit and total comprehensive income for the period	-	96,997
At 31 December 2023	400,000	4,096,997
		2023
Number of units in issue – Class I USD		400,000
Net asset value per unit – Class I USD		USD 10.2425

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
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STATEMENT OF CASH FLOWS

For the period from 25 May 2023 (date of inception) to 31 December 2023

	Notes	Period from 25 May 2023 (date of inception) to 31 December 2023 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		96,997
Adjustments for:		
Interest income		<u>(107,913)</u>
		(10,916)
Decrease in financial assets at fair value through profit or loss		(3,418,894)
Increase in management fee payable		2,092
Increase in trustee fee payable		4,200
Increase in accrued expenses and other payables		34,936
Decrease in management fee rebate receivable		<u>(19,355)</u>
Cash flows used in operating activities		(3,407,937)
Interest received		<u>60,216</u>
Net cash flows used in operating activities		(3,347,721)
CASH FLOWS FROM FINANCING ACTIVITY		
Proceeds on issue of units		<u>4,000,000</u>
Net cash flows from financing activity		4,000,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		652,279
Cash and cash equivalents at beginning of the period		<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u><u>652,279</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balance	7	33,279
Non-pledge short-term deposits with original maturity of less than three months when acquired	7	<u>619,000</u>

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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 Dynamic Fixed Income 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 25 May 2023. As at 31 December 2023, there are ten 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 Greater China Technology Fund	27 May 2015
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
ChinaAMC Select China Leap Equity Fund	25 June 2021
ChinaAMC Select Stable Income Fund	11 May 2022
ChinaAMC Select RMB Investment Grade Income Fund	9 June 2022
ChinaAMC Select USD Money Market Fund	5 September 2022
ChinaAMC Select Flexible Cycle Income Fund	28 October 2022

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") and the Renminbi Qualified Foreign Institutional Investors (the "RQFII") local custodian is Bank of China Limited (the "RQFII Local Custodian").

Pursuant to the Guidelines on Management and Operation of RQFII Quota issued by the State of Administration of Foreign Exchange ("SAFE") on and effective from 30 May 2014, a RQFII has the flexibility to allocate its RQFII quota granted by SAFE across different public fund products under its management. Accordingly, the Sub-Fund no longer has the exclusive use of the entire RQFII quota previously granted by SAFE to the Manager in respect of the ChinaAMC Select Dynamic Fixed Income Fund. The Manager, at its discretion, may re-allocate the RQFII quota in respect of the Sub-Fund to other public fund products under its management or vice versa without having to obtain prior approval from SAFE.

The Sub-Fund may hold up to 70% of its net asset value in cash, cash deposits, certificates of deposit, commercial paper, treasury bills, and other cash equivalent instruments for liquidity management and/or defensive purposes on a temporary basis under exceptional circumstances such as in times of extreme volatility of the markets or during severe adverse market conditions.

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. ACCOUNTING POLICY

2.1 BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the 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 United States Dollars ("USD") and all values are rounded to the nearest USD except where otherwise indicated.

The Sub-Fund's first audit period covered period from 25 May 2023 (date of inception) to 31 December 2023. The Sub-Fund has adopted all applicable IFRSs for its first audit period.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

There are no new and amended standards and interpretations that have been issued, but are not yet effective, as of the issuance date of the Sub-Fund's financial statements that are expected to have a material impact on the Sub-Fund's financial statements.

2.3 MATERIAL ACCOUNTING POLICES

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)

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICES (continued)

Financial assets

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

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

Financial assets measured at amortised cost

A debt instrument is 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 cash and cash equivalents, and short-term non-financing receivables including interest receivables and amount due from Manager.

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 equity instruments and debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICES (continued)

Financial instruments (continued)

(a) Classification (continued)

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Sub-Fund includes in this category management fee payable, trustee fee payable and other payables.

Financial liabilities measured at FVPL

A financial liability is measured at FVPL if it meets the definition of held for trading.

(b) Recognition

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

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

(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.

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICES (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 profit or loss and other 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 profit or loss and other comprehensive income.

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

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

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

When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses ("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.

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NOTES TO THE FINANCIAL STATEMENTS

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2.3 MATERIAL ACCOUNTING POLICES (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 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 ECL 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 measuring ECLs on interest receivable and other receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Offsetting 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.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICES (continued)

Fair value measurement

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

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to 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 (bid price for long positions and ask price for short positions), 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.

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2.3 MATERIAL ACCOUNTING POLICES (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

Redeemable units are redeemable at the holder's option and are classified as financial liabilities as they do not meet the conditions to be classified as equity. Redeemable units are measured at the redemption amount.

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.

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 period in which it is approved by the Manager.

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2.3 MATERIAL ACCOUNTING POLICES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank, and short-term deposits, as defined above, less bank which are repayable on demand and form an integral part of the company's cash management.

Revenue recognition

(a) 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.

(b) Other Income

Other income is recognised when it is probable that the economic benefits will flow to the Sub-Fund and the other income can be reliably measured. Other income is recognised when the Sub-Fund's right to receive payment has been established.

Net gains/losses on financial assets/liabilities at FVPL

Net gains/losses on financial assets and liabilities at FVPL are changes in the fair value of financial assets and liabilities held for trading or designated upon initial recognition as at FVPL and exclude interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of the prior year's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average method for debt. They represent the difference between an instrument's initial carrying amount and disposal amount.

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2.3 MATERIAL ACCOUNTING POLICES (continued)

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 gross of withholding taxes, when applicable.

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Fund;
 - (ii) has significant influence over the Sub-Fund; or
 - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;

or

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

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3. TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS

Connected persons of the Trustee and the Manager are those as defined in the SFC Code. All transactions entered into during the period between the Sub-Fund, the Trustee, the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any 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 0.40% per annum for Class A Units and 0.20% per annum for Class I Units 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 period from 25 May 2023 (date of inception) to 31 December 2023 was USD4,923. As at 31 December 2023, management fee of USD2,093 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 0.1% (with a maximum of 0.5%) per annum of the NAV for the Sub fund.

The trustee fee for the period from 25 May 2023 (date of inception) to 31 December 2023 was USD30,348. As at 31 December 2023, trustee fee of USD4,200 was payable to the Trustee.

(c) Custodian fee and bank charges

The Custodian is entitled to receive custodian fees from the Sub-Fund, at a current rate of 0.05% (up to a maximum of 0.1%) per annum, calculated monthly and is paid monthly in arrears.

The custodian fees for the period from 25 May 2023 (date of inception) to 31 December 2023 were USD1,610. As at 31 December 2023, there was no custodian fee payable to the Custodian.

For the period from 25 May 2023 (date of inception) to 31 December 2023, there was USD 204 bank charges were charged by Bank of China (Hong Kong) Limited.

(d) Brokerage fees and other transaction costs – Transaction handling fees

Brokerage fees and other transaction costs comprise of broker commission and investment handling fee. Transaction handling fee pertain to the administrative fees for every transaction made through the Administrator at USD15 per transaction made. The transaction handling fee for the period from 25 May 2023 (date of inception) to 31 December 2023 was USD472. As at 31 December 2023, transaction handling fee of USD8 was payable to the Administrator.

(e) Bank deposit held by the Trustee's affiliates

The Sub-Fund's bank deposit amounted to USD33,279 was held by the Trustee's affiliates, Bank of China (Hong Kong) Limited, with interest income amounting to USD 203 for the period from 25 May 2023 (date of inception) to 31 December 2023. Further details of the balance held are described in note 11 to the financial statements.

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

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

China CITIC Bank International Limited is 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 period %	Average commission Rate %
31 December 2023				
China CITIC Bank International Limited	246,731	-	2.26%	-

(g) Expenses borne by the Manager

The Explanatory Memorandum stated that it is the Manager's current intention to cap the ongoing charges of each class of Units of the Sub-Fund at 2.5% of the average net asset value ("Average Net Asset Value") published for the period ended 31 December 2023 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 2.5% 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 period ended 31 December 2023. For the period from 25 May 2023 (date of inception) to 31 December 2023, USD46,546 expense incurred by the Sub-Fund was borne by the Manager.

	Expenses incurred by the Sub-Fund USD	Income in the statement of profit or loss and other comprehensive income USD
<u>For the period ended 31 December 2023</u>		
Reimbursement of expenses by the Manager	46,546	46,546

As at 31 December 2023, the reimbursement of expenses due from the Manager was USD19,355.

4. 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 period from 25 May 2023 (date of inception) to 31 December 2023. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

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5. 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.

PRC Tax

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as interest and capital gains) imposed on securities issued by PRC tax resident enterprises ("Distribution Tax") and a 6% withholding tax on interest income derived from non-government bonds ("Value-added Tax"). There is no assurance that the tax rates will not be changed by the PRC tax authorities in the future. There was no PRC tax provided on income arose from securities for the period from 25 May 2023 (date of inception) to 31 December 2023.

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. The Sub-Fund assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2023 USD
Financial assets at fair value through profit or loss		
- Debt securities		<u>3,418,894</u>

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

An active market is a market in which transactions for the assets or liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

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.

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NOTES TO THE FINANCIAL STATEMENTS

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6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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.

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities measured at fair value as at 31 December 2023.

	Quoted prices in active markets Level 1 USD	Significant observable inputs Level 2 USD	Significant unobservable inputs Level 3 USD	Total USD
31 December 2023				
Financial assets at fair value through profit or loss				
- Debt securities	-	3,418,894	-	3,418,894

As at 31 December 2023, the Sub-Fund invested in debt securities, and categories the investments within Level 2. There are no investments classified within Level 1 and Level 3 and no transfers between levels during the period from 25 May 2023 (date of inception) to 31 December 2023.

7. CASH AND CASH EQUIVALENTS

	2023 USD
Cash at banks	33,279
Short-term deposits	619,000
Total cash and cash equivalents	652,279

Cash at bank includes balance held with Bank of China (Hong Kong) Limited, affiliate company of the Trustee.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time 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 interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

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8. 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.

	2023 USD
Net assets attributable to unitholders as at last calendar day (calculated in accordance with Explanatory Memorandum)	4,137,660
Adjustment for formation costs (Note)	(40,876)
Adjustment for unsettled capital transactions	213
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>4,096,997</u>
	2023
Net assets attributable to unitholders (per unit) (calculated in accordance with Explanatory Memorandum)	
– Class I USD	USD 10.3442
Net assets attributable to unitholders (per unit) (calculated in accordance with IFRSs)	
– Class I USD	USD 10.2425

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8. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

Capital management (continued)

Note:

The published net assets are calculated in accordance with the Explanatory Memorandum where formation costs 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 formation costs are expensed as incurred as required under IFRSs. The unamortised amount was USD 40,876 and the remaining period was 54 months as at 31 December 2023.

9. 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.

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9. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Risk management (continued)

(a) Market risk (continued)

(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. The Manager considers the movement in interest rates will have insignificant impact on the interest income.

The following table demonstrates the sensitivity of the Sub-Fund's profit or loss for the period from 25 May 2023 (date of inception) to 31 December 2023 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
2023		
Debt securities	+25	(26,583)
Debt securities	-25	26,583

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 25 May 2023 (date of inception) to 31 December 2023, and therefore no sensitivity analysis on bank deposit is presented.

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9. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Risk management (continued)

(a) Market risk (continued)

(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 Sub-Fund has forward foreign currency contracts that are denominated in Hong Kong Dollars ("HKD"). Accordingly, the value of the Fund's liabilities may be affected favourably or unfavourably by fluctuations in currency rates and therefore the Sub-Fund will necessarily be subject to foreign exchange risks. However, as HKD is pegged with USD with minimal currency fluctuationThe 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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9. 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 2023					
<u>Financial assets</u>					
Financial assets at fair value					
through profit and loss	-	3,418,894	-	-	3,418,894
Interest receivables	-	23,181	24,516	-	47,697
Amount due from Manager	-	19,355	-	-	19,355
Cash and cash equivalents	652,279	-	-	-	652,279
Total financial assets	<u>652,279</u>	<u>3,461,430</u>	<u>24,516</u>	<u>-</u>	<u>4,138,225</u>
<u>Financial liabilities</u>					
Management fee payable	-	2,093	-	-	2,093
Trustee fee payable	-	4,200	-	-	4,200
Other payables	-	19,935	-	15,000	34,935
Net assets attributable to unit holders*	<u>4,096,997</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,096,997</u>
Total financial liabilities	<u>4,096,997</u>	<u>26,228</u>	<u>-</u>	<u>15,000</u>	<u>4,138,225</u>

* Subject to redemption terms of the Sub-Fund.

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9. 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, amount due from Manager and interest receivables. As at 31 December 2023, the total of cash and cash equivalents, amount due from manager and interest receivables was USD719,331 of 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 category: cash and cash equivalents, amount due from Manager and interest 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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9. 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 cash and cash equivalents and time 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 Standard & Poor's ("S&P"):

31 December 2023	USD	Credit rating	Source of credit rating
<u>Cash and cash equivalents, and time deposits</u>			
Bank of China (Hong Kong) Limited	33,279	A+	S&P
China Bohai Bank Co Ltd Hong Kong Branch	619,000	BBB-	S&P

Financial assets not subject to IFRS 9's impairment requirements

The Sub-Fund is exposed to credit risk on debt securities and derivatives assets. 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.

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9. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (continued)

Risk management (continued)

(c) Credit and counterparty risk (continued)

Financial assets not subject to IFRS 9's impairment requirements (continued)

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"):

<u>31 December 2023</u>	USD	Credit rating	Source of credit rating
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	3,418,894	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.

10. EVENTS AFTER THE REPORTING PERIOD

During the period between the year end and the date of authorisation of these financial statements, there were no subscription and redemption for Class I USD units of the Sub-Fund.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 25 April 2024.

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
(a sub-fund of ChinaAMC Select Fund)

INVESTMENT PORTFOLIO (UNAUDITED)

31 December 2023

	Quantity	Fair value (in USD)	% of net asset
LISTED/QUOTED DEBT SECURITIES			
CAYMAN			
CHINA RESOURCES LAND LTD 6% S/A 27FEB2024	200,000	199,984	4.88%
CHINA			
BANK OF CHINA LTD/HONG KONG 0.75% S/A 04FEB2024	250,000	249,048	6.08%
FRANCE			
CREDIT AGRICOLE SA 7.875% Q PERP REGS	300,000	300,267	7.33%
SOCIETE GENERALE SA 5% S/A 17JAN2024 REGS	250,000	249,835	6.10%
HONG KONG			
BOCOM LEASING MANAGEMENT HONG KONG CO LTD 4.375% S/A 22JAN2024	300,000	299,763	7.32%
DAH SING BANK LTD 5% S/A 15JAN2029	250,000	249,788	6.10%
KOREA			
WOORI BANK 1.03161% S/A 21MAY2024	200,000	200,092	4.88%
VIRGIN ISL, BT			
CHINA CINDA 2020 I MANAGEMENT LTD 1.25% S/A 20JAN2024	230,000	229,499	5.60%
CHINA CINDA FINANCE 2017 I LTD 4.1% S/A 09MAR2024	250,000	249,243	6.08%
LEVC FINANCE LTD 1.375% S/A 25MAR2024	200,000	198,094	4.84%
POLY REAL ESTATE FINANCE LTD 3.875% S/A 25MAR2024	200,000	198,732	4.85%
TOWNGAS FINANCE LTD 4.75% S/A PERP	300,000	299,079	7.30%
UNLISTED/QUOTED DEBT SECURITIES			
CHINA			
AGRICULTURAL BANK OF CHINA LTD/SEOUL 0% A 07FEB2024 CD	200,000	198,934	4.86%
VIRGIN ISL, BT			
BLUESTAR FINANCE HLDGS LTD 3.375% S/A 16JUL2024	300,000	296,538	7.24%
Total investment portfolio		<u>3,418,894</u>	<u>83.45%</u>
Other net assets		678,103	16.55%
Total net assets		<u>4,096,997</u>	<u>100.00%</u>

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
(a sub-fund of ChinaAMC Select Fund)

MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

31 December 2023

	As at 25 May 2023	Movement in holdings			As at 31 December 2023
		Addition	Bonus/ Dividends	Disposal	
Listed/Quoted Investments					
<u>Debt Securities</u>					
ASAHI MUTUAL LIFE INSURANCE CO 6.5% S/A PERP(CALLED)	-	300,000	-	(300,000)	-
BANK OF CHINA HONG KONG LTD 5.9% S/A PERP REGS	-	200,000	-	(200,000)	-
BANK OF CHINA LTD/HONG KONG 0.75% S/A 04FEB2024	-	250,000	-	-	250,000
BARCLAYS PLC 7.75% Q PERP(CALLED)	-	200,000	-	(200,000)	-
BLUESTAR FINANCE HLDGS LTD 3.875% S/A PERP(CALLED)	-	200,000	-	(200,000)	-
BOC AVIATION LTD 3M L+1.125% Q 26SEP2023 REGS	-	200,000	-	(200,000)	-
BOCOM LEASING MANAGEMENT HONG KONG CO LTD 4.375% S/A 22JAN2024	-	300,000	-	-	300,000
CCBL CAYMAN 1 CORP LTD 3M L+1.25% Q 12JUL2023	-	300,000	-	(300,000)	-
CDBL FUNDING 1 1.5% S/A 04NOV2023	-	200,000	-	(200,000)	-
CHINA CINDA 2020 I MANAGEMENT LTD 1.25% S/A 20JAN2024	-	230,000	-	-	230,000
CHINA CINDA FINANCE 2017 I LTD 4.1% S/A 09MAR2024	-	250,000	-	-	250,000
CHINA CITIC BANK INTL LTD 7.1% S/A PERP (CALLED)	-	300,000	-	(300,000)	-
CHINA EVERBRIGHT LTD 3.8% S/A PERP (CALLED)	-	200,000	-	(200,000)	-
CHINA OVERSEAS FINANCE CAYMAN III LTD 5.375% S/A 29OCT2023	-	200,000	-	(200,000)	-
CHINA RESOURCES LAND LTD 6% S/A 27FEB2024	-	200,000	-	-	200,000
CHINA TAIPING NEW HORIZON LTD 6% S/A 18OCT2023	-	200,000	-	(200,000)	-
CMHI FINANCE BVI CO LTD 3.5% S/A PERP	-	300,000	-	(300,000)	-
CNAC HK FINBRIDGE CO LTD 3.35% S/A PERP(CALLED)	-	200,000	-	(200,000)	-
CNOOC CURTIS FUNDING NO 1 PTY LTD 4.5% S/A 03OCT2023 REGS	-	200,000	-	(200,000)	-

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
(a sub-fund of ChinaAMC Select Fund)

MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

31 December 2023

	As at 25 May 2023	Movement in holdings			As at 31 December 2023
		Addition	Bonus/ Dividends	Disposal	
CREDIT AGRICOLE SA 7.875% Q PERP REGS	-	300,000	-	-	300,000
DAH SING BANK LTD 5% S/A 15JAN2029	-	250,000	-	-	250,000
EASTERN CREATION II INVESTMENT HLDGS LTD 1% S/A 10SEP2023	-	223,000	-	(223,000)	-
EXPORT-IMPORT BANK OF THAILAND 3M S+1.1616% Q 20NOV2023	-	250,000	-	(250,000)	-
FRANSHION BRILLIANT LTD 4.875% S/A PERP	-	200,000	-	(200,000)	-
FUKOKU MUTUAL LIFE INSURANCE CO 6.5% S/A PERP(CALLED)	-	300,000	-	(300,000)	-
HUARONG FINANCE 2017 CO LTD 3M L+1.325% Q 03JUL2023	-	200,000	-	(200,000)	-
HUARONG FINANCE 2019 CO LTD 2.125% S/A 30SEP2023	-	200,000	-	(200,000)	-
LEVC FINANCE LTD 1.375% S/A 25MAR2024	-	200,000	-	-	200,000
NONGHYUP BANK 3.875% S/A 30JUL2023 REGS	-	200,000	-	(200,000)	-
POLY REAL ESTATE FINANCE LTD 3.875% S/A 25MAR2024	-	200,000	-	-	200,000
POLY REAL ESTATE FINANCE LTD 4.75% S/A 17SEP2023	-	200,000	-	(200,000)	-
SHINHAN FINANCIAL GROUP CO LTD 5.875% S/A PERP(CALLED)	-	300,000	-	(300,000)	-
SINOCHEM OFFSHORE CAPITAL CO LTD 3% S/A PERP (CALLED)	-	200,000	-	(200,000)	-
SOCIETE GENERALE SA 5% S/A 17JAN2024 REGS	-	250,000	-	-	250,000
SOCIETE GENERALE SA 7.375% S/A PERP REGS(CALLED)	-	300,000	-	(300,000)	-
TOWNGAS FINANCE LTD 4.75% S/A PERP	-	300,000	-	-	300,000
UNITED OVERSEAS BANK LTD 3.875% S/A PERP (CALLED)	-	300,000	-	(300,000)	-
WESTWOOD GROUP HLDGS LTD 5.375% S/A 19OCT2023	-	250,000	-	(250,000)	-
WOORI BANK 1.03161% S/A 21MAY2024	-	200,000	-	-	200,000
CHINA RESOURCES LAND LTD 6% S/A 27FEB2024	-	200,000	-	-	200,000
CHINA TAIPING NEW HORIZON LTD 6% S/A 18OCT2023	-	200,000	-	(200,000)	-

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
(a sub-fund of ChinaAMC Select Fund)

MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

31 December 2023

	As at 25 May 2023	Movement in holdings			As at 31 December 2023
		Addition	Bonus/ Dividends	Disposal	
CMHI FINANCE BVI CO LTD 3.5% S/A PERP	-	300,000	-	(300,000)	-
CNAC HK FINBRIDGE CO LTD 3.35% S/A PERP(CALLED)	-	200,000	-	(200,000)	-
CNOOC CURTIS FUNDING NO 1 PTY LTD 4.5% S/A 03OCT2023 REGS	-	200,000	-	(200,000)	-
CREDIT AGRICOLE SA 7.875% Q PERP REGS	-	300,000	-	-	300,000
DAH SING BANK LTD 5% S/A 15JAN2029	-	250,000	-	-	250,000
EASTERN CREATION II INVESTMENT HLDGS LTD 1% S/A 10SEP2023	-	223,000	-	(223,000)	-
EXPORT-IMPORT BANK OF THAILAND 3M S+1.1616% Q 20NOV2023	-	250,000	-	(250,000)	-
FRANSHION BRILLIANT LTD 4.875% S/A PERP	-	200,000	-	(200,000)	-
FUKOKU MUTUAL LIFE INSURANCE CO 6.5% S/A PERP(CALLED)	-	300,000	-	(300,000)	-
HUARONG FINANCE 2017 CO LTD 3M L+1.325% Q 03JUL2023	-	200,000	-	(200,000)	-
HUARONG FINANCE 2019 CO LTD 2.125% S/A 30SEP2023	-	200,000	-	(200,000)	-
LEVC FINANCE LTD 1.375% S/A 25MAR2024	-	200,000	-	-	200,000
NONGHYUP BANK 3.875% S/A 30JUL2023 REGS	-	200,000	-	(200,000)	-
POLY REAL ESTATE FINANCE LTD 3.875% S/A 25MAR2024	-	200,000	-	-	200,000
POLY REAL ESTATE FINANCE LTD 4.75% S/A 17SEP2023	-	200,000	-	(200,000)	-
SHINHAN FINANCIAL GROUP CO LTD 5.875% S/A PERP(CALLED)	-	300,000	-	(300,000)	-
SINOCHAM OFFSHORE CAPITAL CO LTD 3% S/A PERP (CALLED)	-	200,000	-	(200,000)	-
SOCIETE GENERALE SA 5% S/A 17JAN2024 REGS	-	250,000	-	-	250,000
SOCIETE GENERALE SA 7.375% S/A PERP REGS(CALLED)	-	300,000	-	(300,000)	-
TOWNGAS FINANCE LTD 4.75% S/A PERP	-	300,000	-	-	300,000
UNITED OVERSEAS BANK LTD 3.875% S/A PERP (CALLED)	-	300,000	-	(300,000)	-
WOORI BANK 1.03161% S/A 21MAY2024	-	200,000	-	-	200,000

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
(a sub-fund of ChinaAMC Select Fund)

MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

31 December 2023

	As at 25 May 2023	Movement in holdings			As at 31 December 2023
		Addition	Bonus/ Dividends	Disposal	
Unlisted/Quoted Investments					
<u>Debt Securities</u>					
AGRICULTURAL BANK OF CHINA LTD/SEOUL 0% A 07FEB2024 CD	-	200,000	-	-	200,000
AIB GROUP PLC 4.75% S/A 12OCT2023 REGS	-	300,000	-	(300,000)	-
BLUESTAR FINANCE HLDGS LTD 3.375% S/A 16JUL2024	-	300,000	-	-	300,000
SUMITOMO LIFE INSURANCE CO 6.5% S/A 20SEP2073 REGS(CALLED)	-	300,000	-	(300,000)	-
UNITED STATES OF AMERICA TREASURY BILL 0% A 30NOV2023	-	200,000	-	(200,000)	-
	-		-	(7,123,000)	3,430,000
Total Investment Portfolio		10,553,000			

CHINAAMC SELECT DYNAMIC FIXED INCOME FUND
(a sub-fund of ChinaAMC Select Fund)

PERFORMANCE TABLE (UNAUDITED)

Net asset value attributable to unitholders

	Net assets value per unit	Net asset attributable to unitholders
As at 31 December 2023 - Class I USD	USD 10.2425	USD 4,096,997

Highest issue price and lowest redemption price per unit¹

	Highest issue price per unit	Lowest redemption price per unit
For the period from 25 May 2023 (date of inception) to 31 December 2023 - Class I USD	USD 10.3442	USD 9.9949

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

