

ChinaAMC Select Fund

ChinaAMC Select USD Money Market Fund

Annual Report

For the period from
5 September 2022 (date of inception) to 31 December 2023



华夏基金
ChinaAMC

ANNUAL REPORT

CHINAAMC SELECT USD 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)

For the period from 5 September 2022 (date of inception)
to 31 December 2023

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

CONTENTS

	Pages
ADMINISTRATION AND MANAGEMENT	1
REPORT OF THE MANAGER TO THE UNITHOLDERS	2
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	3
INDEPENDENT AUDITOR'S REPORT	4 - 6
AUDITED FINANCIAL STATEMENTS	
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in net assets attributable to unitholders	9
Statement of cash flows	10
Notes to the financial statements	11 - 31
INVESTMENT PORTFOLIO (UNAUDITED)	32
MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)	33
INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)	34
PERFORMANCE TABLE (UNAUDITED)	35

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-usd-money-market-fund/#prospectus_documents
Investors should not rely on the information contained in this report for their investment decisions.

CHINAAMC SELECT USD 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

Li Yimei
Gan Tian
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 USD MONEY MARKET FUND
(a sub-fund of ChinaAMC Select Fund)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Looking back at 2023, after completing a full cycle of interest rate hikes, the market repeatedly sparked discussions about a soft landing for the U.S. economy and a gradual decline in inflation to 2%, raising hopes of declining interest rates. However, these aspirations were repeatedly dampened, and the market fluctuated like a roller coaster. Despite a brief decline in risk appetite due to the banking crisis in March, the resilience of the U.S. economy surpassed expectations, leading to a rebound in overall risk assets. In terms of major asset classes, the categories that underperformed in 2022 took the lead in 2023, with equity and fixed income assets performing well in most regions. The outstanding performance of large-cap tech stocks drove the U.S. stock market higher, while commodities lagged behind. As for U.S. bond yields, they maintained high volatility throughout the year, with slight increases across different maturities compared to the beginning of the year. In terms of credit spreads, the first half of the year saw a negative correlation with U.S. bond yields, which turned positive again in the second half. China investment-grade bond and U.S. investment-grade bond indices witnessed a 40bp and 30bp tightening in credit spreads, respectively, remaining relatively narrow throughout the year. The performance of Chinese investment-grade bonds and high-yield bonds continued to diverge. Meanwhile, in the backdrop of elevated risk-free interest rates throughout the year, money market funds, whether denominated in Hong Kong dollars or U.S. dollars, were the most popular choices in the investment market last year.

Looking ahead to this year, the complex and ever-changing macroeconomic environment is expected to persist, with structural inflation and policy interest rates likely to remain relatively high for some time. Rising interest costs and economic slowdown will exert pressure on government debt expansion. This year, we need to pay special attention to stagflation risks. If geopolitical conflicts drive commodity price increases, inflation rebounds, or interest rates remain high for an extended period, we should also be vigilant about the risk of a deep recession. A black swan event could trigger a nonlinear and rapid economic downturn in the United States, causing credit spreads to widen at any time. Additionally, we need to be mindful of liquidity risks, as liquidity shortages in small and medium-sized banks, coupled with a decrease in overall social credit supply, may lead to potential disruptions in the five-link transmission mechanism of the Federal Reserve's interest rate policy.

Amidst the various and complex sources of uncertainty, the high returns in the short-term money market are relatively certain factors. At least in the first half of this year, US dollar money market funds will continue to thrive, while the attractiveness of Hong Kong dollar money market funds may persist throughout the year. Although interest rate cuts have yet to materialize, the downward trend of short-term interest rates is a relatively certain factor, and we should take a more proactive approach in adjusting duration positions. When it comes to credit selection, we need to exercise greater caution and consider more options, including globally diversified investment-grade bonds, to maintain a balanced and stable asset allocation.

China Asset Management (Hong Kong) Limited
25 April 2024

CHINAAMC SELECT USD 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 USD Money Market Fund (a sub-fund of ChinaAMC Select Fund) for the period from 5 September 2022 (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 USD 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 USD 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 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 5 September 2022 (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 position 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 USD 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 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 USD 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
25 April 2024

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period from 5 September 2022 (date of inception) to 31 December 2023

	Notes	For the period from 5 September 2022 (date of inception) to 31 December 2023 USD
INCOME		
Interest income on financial assets at fair value through profit or loss		45,563
Interest income on bank deposits		14,297,924
Other income		93
		<u>14,343,580</u>
EXPENSES		
Management fee	3(a)	(168,206)
Trustee fee	3(b)	(181,376)
Custodian fee and bank charges	3(c)	(15,624)
Auditor's remuneration		(36,000)
Preliminary expenses		(41,802)
Transaction handling fee	3(d)	(9,195)
Legal and professional fees		(12,996)
Other expenses		(36,159)
		<u>(501,358)</u>
PROFIT BEFORE INVESTMENT GAINS AND EXCHANGE DIFFERENCES		<u>13,842,222</u>
INVESTMENT GAINS AND EXCHANGE DIFFERENCES		
Net gains on financial assets and liabilities at fair value through profit or loss		31,214
Foreign exchange differences		(205,373)
NET INVESTMENT GAINS AND EXCHANGE DIFFERENCES		<u>(174,159)</u>
PROFIT BEFORE TAX		13,668,063
Income tax	5	-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>13,668,063</u>

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

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 USD
ASSETS		
Financial assets at fair value through profit or loss	6	66
Time deposits	8	87,255,663
Interest receivables		2,138,970
Cash and cash equivalents	8	<u>194,068,261</u>
TOTAL ASSETS		<u><u>283,462,960</u></u>
LIABILITIES		
Management fee payable	3(a)	43,050
Trustee fee payable	3(b)	14,561
Accrued expenses and other payables		<u>40,175</u>
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		97,786
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u><u>283,365,174</u></u>
TOTAL LIABILITIES		<u><u>283,462,960</u></u>

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2023

	Number of Units	USD
At 5 September 2022 (date of inception)	-	-
Subscription of units during the period		
– Class I USD	7,942,486.66	818,102,498
– Class B USD	248,084.62	25,494,360
– Class I HKD	70,000.00	891,730
– Class A USD	54,588.96	5,743,042
– Class I RMB – Hedged	953,132.51	13,990,009
– Class F USD	15,129.84	1,534,606
– Class S USD	100.00	10,000
	<u>9,283,522.59</u>	<u>865,766,245</u>
Redemption of units during the period		
– Class I USD	(5,457,230.07)	(566,206,466)
– Class B USD	(104,427.17)	(10,761,773)
– Class I HKD	(70,000.00)	(892,044)
– Class A USD	(40,940.40)	(4,327,315)
– Class I RMB – Hedged	(952,414.51)	(13,799,430)
– Class F USD	(798.82)	(82,106)
– Class S USD	-	-
	<u>(6,625,810.97)</u>	<u>(596,069,134)</u>
Increase in net asset attributable to unitholders	<u>-</u>	<u>13,668,063</u>
At 31 December 2023	<u>2,657,711.62</u>	<u>283,365,174</u>
		2023
Number of units in issue		
– Class I USD		2,485,256.59
– Class B USD		143,657.45
– Class A USD		13,648.56
– Class I RMB – Hedged		718.00
– Class F USD		14,331.02
– Class S USD		100.00
Net asset value per unit		
– Class I USD	USD	106.6971
– Class B USD	USD	106.1027
– Class A USD	USD	106.1895
– Class I RMB – Hedged	RMB	106.4249
– Class F USD	USD	103.4597
– Class S USD	USD	102.8278

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

STATEMENT OF CASH FLOWS

For the period from 5 September 2022 (date of inception) to 31 December 2023

	Notes	Period from 5 September 2022 (date of inception) to 31 December 2023 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		13,668,063
Adjustments for:		
Interest income		<u>(14,343,487)</u>
		(675,424)
Increase in financial assets at fair value through profit or loss		(66)
Increase in time deposits		(87,255,663)
Increase in management fee payable		43,050
Increase in trustee fee payable		14,561
Increase in accrued expenses and other payables		<u>40,175</u>
Cash flows used in operating activities		(87,833,367)
Interest received		<u>12,204,517</u>
Net cash flows used in operating activities		(75,628,850)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on issue of units		865,766,245
Payments for redemption of units		<u>(596,069,134)</u>
Net cash flows from financing activities		269,697,111
NET INCREASE IN CASH AND CASH EQUIVALENTS		194,068,261
Cash and cash equivalents at beginning of the period		<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		<u>194,068,261</u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash at banks	8	20,434,093
Non-pledged short-term deposit with original maturity within three months	8	<u>173,634,168</u>
		<u>194,068,261</u>

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

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 USD 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 5 September 2022. 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 Flexible Cycle Income Fund	28 October 2022
ChinaAMC Select Dynamic Fixed Income Fund	25 May 2023

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 Code. The Sub-Fund seeks to achieve long-term return 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 United States dollar ("USD") denominated and settled short-term deposits and high quality money market instruments issued by governments, quasi-governments, international organisations, and financial institutions globally. The Sub-Fund's net derivative exposure may be up to 50% of its Net Asset Value.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

2.3 MATERIAL ACCOUNTING POLICIES

Financial instruments

(a) Classification

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

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

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

Financial assets

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

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

Financial assets measured at amortised cost

Financial assets are measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The Sub-Fund includes in this category cash and cash equivalents, and short-term non-financing receivables including time deposits and interest receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(a) Classification (continued)

Financial assets (continued)

Financial assets measured at FVPL

A financial asset is measured at FVPL if:

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

The Sub-Fund includes in this category debt 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

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 accrued expenses and other payables.

Financial liabilities measured at FVPL

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

The Sub-Fund includes in this category, derivative contracts in a liability position since they are held for trading. The Sub-Fund also includes its redeemable units in this category.

(b) Recognition

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

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

(c) Initial measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(d) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in the statement of 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, is measured at amortised cost using the effective interest method ("EIR") less any allowance for impairment. Gains and losses are recognised in profit or loss when the financial assets are derecognised or impaired, as well as through the amortisation process.

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

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

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

(e) Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Sub-Fund has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Sub-Fund has transferred substantially all the risks and rewards of the asset, or neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

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

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

Offsetting financial instruments

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

Fair value measurement

The Sub-Fund measures its investments in financial instruments, such as debt instruments and derivatives, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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.

Derivative financial instruments

Derivative financial instruments are recorded on a mark-to-market basis. Fair values are determined by using quoted market prices or calculated by reference to changes in specified prices of an underlying asset or otherwise a determined notional amount. All derivatives are carried as assets when amounts are receivable by the Sub-Fund and as liabilities when amounts are payable by the Sub-Fund.

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 net gain or loss on financial assets and liabilities at FVPL on the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Net assets attributable to unitholders

The Sub-Fund offered redeemable units, namely Class A USD units, Class I USD units, Class I HKD units, Class I RMB – Hedged units, Class B USD units, Class F USD units, and Class S USD units, which are redeemable at the unitholder's option and are classified as financial liabilities for the period from 5 September 2022 (date of inception) to 31 December 2023. Redeemable participating shares 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.

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.

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 at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible to 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 banks and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Sub-Fund's cash management.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Net losses on financial assets/liabilities at FVPL

Net 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 year and from reversal of the prior year's unrealised gains and losses for financial instruments which were realised in the reporting date.

Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average method for debt instruments and first-in-first out method for derivatives. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. 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 0.30% 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 5 September 2022 (date of inception) to 31 December 2023 was USD168,206. As at 31 December 2023, management fee of USD40,050 was payable to the Manager.

(b) Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, up to maximum of 0.5% per annum, based on the net asset value and accrued on each valuation day and is paid monthly in arrears.

The trustee fee for the period from 5 September 2022 (date of inception) to 31 December 2023 was USD181,376. As at 31 December 2023, trustee fee of USD14,561 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 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 5 September 2022 (date of inception) to 31 December 2023 were USD429. As at 31 December 2023, there was no custodian fee payable to the Custodian.

For the period from 5 September 2022 (date of inception) to 31 December 2023, bank charges of USD15,195 were charged by Bank of China (Hong Kong) Limited.

(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 5 September 2022 (date of inception) to 31 December 2023 was USD9,195. As at 31 December 2023, transaction handling fee of USD525 was payable to the Administrator.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

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

The investments and bank balances maintained with Bank of China (Hong Kong) Limited, an affiliate company of the Trustee of the Sub-Fund, as at 31 December 2023, are summarised below:

	Notes	2023 USD
Investments	6	66
Cash at banks	8	337,130

For the period from 5 September 2022 (date of inception) to 31 December 2023, interest income of USD2,125 was recognised from the bank deposited with Trustee's affiliates

(f) Investment transactions with connected persons of the Trustee

Bank of China (Hong Kong) Limited is the Trustee's affiliates.

	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 %
2023				
Bank of China (Hong Kong) Limited	17,933,946	-	68.59%	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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 for the period from 5 September 2022 (date of inception) to 31 December 2023. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

5. INCOME TAX

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.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2023 USD
Financial assets at fair value through profit or loss		
- Forward foreign currency contracts	7	66
Total financial assets at fair value through profit or loss		<u>66</u>

The fair value of financial assets and liabilities traded in active markets (such as publicly trading securities) 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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

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.

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

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
Financial assets at fair value through profit or loss				
- Forward foreign currency contracts	-	66	-	66
	<u>-</u>	<u>66</u>	<u>-</u>	<u>66</u>

As at 31 December 2023, the Sub-Fund invested in forward foreign currency contracts 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 5 September 2022 (date of inception) to 31 December 2023.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

7. DERIVATIVES FINANCIAL INSTRUMENTS

Forward foreign currency contracts

The Sub-Fund uses forward foreign currency contracts to reduce exposures to fluctuations in foreign exchange rates. Forward foreign currency contracts entered into by the Sub-Fund represent agreements with counterparties to exchange currencies at agreed-upon rates based upon predetermined notional amounts.

The following derivative contracts were unsettled as at 31 December 2023.

31 December 2023

	<u>Notional Amount</u>		<u>Fair value</u>	
	<u>Long</u>	<u>Short</u>	<u>Assets</u>	<u>Liabilities</u>
			USD	USD
RMB	71,800	USD	66	-

8. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS

	2023 USD
Cash at banks	20,434,093
Time deposits	260,889,831
Subtotal	<u>281,323,924</u>
Less: Time deposits with original maturity date more than three months	<u>(87,255,663)</u>
	<u>194,068,261</u>

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.

As at 31 December 2023, the time deposits with maturities of more than three months are held in Bank of China (Hong Kong) Ltd., China Bohai Bank Co. Ltd., Ping An Bank Co. Ltd., and Banco Santander, S.A., which the interest rate ranged from 5.48% to 6.10% per annum.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

9. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

Capital management

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

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

	2023 USD
Net assets attributable to unitholders as at last calendar day for the period (calculated in accordance with Explanatory Memorandum)	282,348,342
Adjustment for formation costs (Note)	(29,011)
Adjustment for unsettled capital transactions	953,930
Adjustment for the year-ended valuation	91,913
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>284,365,174</u>
Net assets attributable to unitholders (per unit) as at last calendar day for the period (calculated in accordance with Explanatory Memorandum)	
– Class I USD	USD 106.3142
– Class B USD	USD 106.7220
– Class A USD	USD 105.8084
– Class I RMB – Hedged	RMB 106.0468
– Class F USD	USD 103.0884
– Class S USD	USD 102.4578
Net assets attributable to unitholders (per unit) (calculated in accordance with IFRSs)	
– Class I USD	USD 106.6971
– Class B USD	USD 106.1027
– Class A USD	USD 106.1895
– Class I RMB – Hedged	RMB 106.4249
– Class F USD	USD 103.4597
– Class S USD	USD 102.8278

Note:

The published net assets are calculated in accordance with the prospectus 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 USD29,011 and the remaining period was 45 months as at 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

10. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

Risk management (continued)

(a) Market risk (continued)

(i) Interest rate risk (continued)

The majority of interest rate exposure arises on investments in debt securities. All the Sub-Fund's investments in debt securities carry fixed interest rates and mature within one year. The Manager considers the movement in interest rates will have insignificant impact on the interest income.

As the Sub-Fund has no investments in debt securities were held as at 31 December 2023, the Manager considers that changes in the fair value of its net assets in the event of a change in market interest rates will not be material. Therefore, no sensitivity analysis is presented.

The Sub-Fund also has interest-bearing bank deposits. As the bank deposits have maturity dates within six 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 ended 31 December 2023, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

Risk management (continued)

(b) Liquidity risk

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

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

Financial liabilities

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

Financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

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

Risk management (continued)

(b) Liquidity risk (continued)

Financial assets (continued)

	On demand USD	Within 1 month USD	1 month to 3 months USD	More than 3 months to 1 year USD	Total USD
<u>As at 31 December 2023</u>					
<u>Financial assets</u>					
Time deposits	-	24,900,000	43,044,050	19,311,613	87,255,663
Interest receivables	-	1,004,910	555,271	578,789	2,138,970
Cash and cash equivalents	20,434,093	89,803,909	83,830,259	-	194,068,261
Total financial assets	20,434,093	115,708,819	126,929,580	19,890,402	283,462,894
<u>Financial liabilities</u>					
Management fee payable	-	43,050	-	-	43,050
Trustee fee payable	-	14,561	-	-	14,561
Accrued expenses and other payables	-	4,175	-	36,000	40,175
Net assets attributable to unitholders*	283,365,174	-	-	-	283,365,174
Total financial liabilities	283,365,174	61,786	-	36,000	283,462,960

*Subject to redemption terms of the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

10. 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, time deposits and interest receivables. As at 31 December 2023, the total of cash and cash equivalents, time deposits and interest receivables were USD283,462,894 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, time deposits 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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

10. 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

The Sub-Fund's cash and cash equivalents and 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, Fitch, and Standard & Poor's ("S&P"):

<u>31 December 2023</u>	USD	Credit rating	Source of credit rating
<u>Cash and cash equivalents, and time deposits</u>			
Bank of China (Hong Kong) Limited Shanghai Pudong Development Bank	337,131	A+	S&P
China Everbright Bank Hong Kong Branch	19,071,765	Baa2	Moody's
Agricultural Bank of China Hong Kong Branch	8,000,000	Baa2	Moody's
Banco Santander S.A. Hong Kong Branch	19,500,000	A	S&P
Bank of Shanghai Co., Ltd.	12,800,000	A2	Moody's
Chiyu Banking Corporation Ltd Hong Kong Branch	24,444,050	Baa2	Moody's
China Bohai Bank Co Ltd Hong Kong Branch	9,500,000	Baa1	Moody's
China Minsheng Banking Corp., Ltd. Hong Kong Branch	35,086,009	BBB-	S&P
China Construction Bank (Asia) Limited	28,500,000	BBB-	S&P
China Guangfa Bank	34,500,000	A1	Moody's
China Zheshang Bank Co Ltd Hong Kong Branch	43,219,316	BBB-	S&P
Standard Chartered Bank Hong Kong Limited	25,322,552	BBB-	S&P
Ping An Bank Co., Ltd. Guangzhou Branch	20,043,101	BBB+	S&P
	1,000,000	BBB+	S&P

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

10. 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

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'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 as at 31 December 2023:

<u>31 December 2023</u>	USD	Credit rating	credit rating
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	66	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.

11. EVENTS AFTER THE REPORTING PERIOD

During the period between the year end and the date of authorisation of these financial statements, there were 553,084 units of subscription and 102,622 units of redemption for Class A USD units, 133,160 units of subscription and 62,385 units of redemption for Class B USD units, 17,130 units of subscription and 4,536 units of redemption for Class F USD units, 3,571,080 units of subscription and 2,164,416 units of redemption for Class I USD units, 23,964 units of subscription and 21,545 units of redemption for Class S USD units, and 86,902 units of subscription for Class I RMB - Hedged units of the Sub-Fund.

12. 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 USD MONEY MARKET FUND
(a sub-fund of ChinaAMC Select Fund)

INVESTMENT PORTFOLIO (UNAUDITED)

31 December 2023

	Fair value (in USD)	% of net assets
Foreign currency forward contract		
Buy RMB 71,800 Sell USD10,061 (Counterparty: Bank of China (Hong Kong) Limited)	66	0.00%
Total investment portfolio	<u>66</u>	<u>0.00%</u>
Other net assets	<u>283,365,108</u>	<u>100.00%</u>
Total net assets	<u><u>283,365,174</u></u>	<u><u>100.00%</u></u>
		Days
Portfolio weighted average maturity in days		42.94
Portfolio weighted average life in days		42.94
	Market value (in USD)	% of net assets
Daily liquid assets	38,163,584	13.47%
Weekly liquid assets	65,458,128	23.10%

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

MOVEMENT IN PORTFOLIO HOLDINGS (UNAUDITED)

31 December 2023

	As at 5 September 2022	Movement in holdings			As at 31 December 2023
		Addition	Bonus/ Dividends	Disposal	
<u>Debt Securities</u>					
HBIS GROUP HONG KONG CO LTD 3.75% S/A 18DEC2022	-	4,000,000	-	(4,000,000)	-
HONG KONG INTL QINGDAO CO LTD 4.25% S/A 04DEC2022	-	1,000,000	-	(1,000,000)	-
HONGKONG INTL QINGDAO CO LTD 3.9% S/A 11NOV2022	-	3,300,000	-	(3,300,000)	-
HUARONG FINANCE 2017 CO LTD 3M L+1.15% Q 07NOV2022	-	3,500,000	-	(3,500,000)	-
HUARONG FINANCE 2019 CO LTD 2.5% S/A 24FEB2023	-	1,500,000	-	1,500,000	-
HUARONG FINANCE 2019 CO LTD 3M L+1.125% Q 24FEB2023	-	4,994,000	-	4,994,000	-
JIANGXI PROVINCIAL WATER CONSERVANCY INVESTMENT GROUP CHINA LTD 3.4% S/A 05DEC2022	-	3,500,000	-	(3,500,000)	-
ORIENT HUIZHI LTD 3.625% S/A 30NOV2022	-	1,500,000	-	(1,500,000)	-
SHAOXING SHANGYU STATE- OWNED CAPITAL INVESTMENT OPERATION CO LTD 4.18% S/A 04DEC2022	-	2,500,000	-	(2,500,000)	-
Total investment portfolio	-	25,794,000	-	(25,794,000)	-

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

INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS (UNAUDITED)

31 December 2023

The details of financial derivatives instruments held by the Sub-Fund as at 31 December 2023 are as follows:

Forward foreign currency contracts

Contract to deliver	In exchange for	Settlement date	Counterparty	Fair value US\$
<u>Financial assets:</u>				
USD10,061	RMB71,800	24/01/2024	Bank of China (Hong Kong) Limited	<u>66</u>

Below is the summary of gross derivative exposure and net derivative exposure arising from the use of financial derivative instruments during the period from 5 September 2022 (date of inception) to 31 December 2023.

Foreign currency forward contracts

Gross exposure

	Lowest %	Highest %	Average %
For the period ended 31 December 2023	-	6.15	0.15

Net exposure

	Lowest %	Highest %	Average %
For the period ended 31 December 2023	-6.15	-	-0.15

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

PERFORMANCE TABLE (UNAUDITED)

31 December 2023

Net asset value attributable to unitholders

	Net asset value per unit	Net asset value attributable to unitholders
As at 31 December 2023		
– Class I USD	USD 106.6971	USD 265,169,664
– Class B USD	USD 106.1027	USD 15,242,449
– Class A USD	USD 106.1895	USD 1,449,334
– Class I RMB – Hedged	RMB 106.4249	RMB 10,763
– Class F USD	USD 103.4597	USD 1,482,682
– Class S USD	USD 102.8287	USD 10,283

Highest issue price and lowest redemption price per unit¹

	Highest issue price per unit	Lowest redemption price per unit
For the period from 5 September 2022 (date of inception) to 31 December 2023		
– Class I USD	USD 106.6733	USD 99.9980
– Class I HKD	HKD 100.0352	HKD 100.0000
– Class B USD	USD 106.0806	USD 100.0000
– Class A USD	USD 106.1665	USD 100.0000
– Class I RMB – Hedged	RMB 106.5303	RMB 97.9813
– Class F USD	USD 103.4398	USD 100.0000
– Class S USD	USD 102.8045	USD 100.0000

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

