

ChinaAMC Select Fund

ChinaAMC Select Hong Kong China Equity Fund

Unaudited Semi-Annual Report

For the period from
27 May 2015 (date of inception) to 30 June 2015



华夏基金
ChinaAMC

UNAUDITED SEMI-ANNUAL REPORT

CHINAAMC SELECT HONG KONG CHINA EQUITY 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 27 May 2015 (date of inception) to 30
June 2015

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
(a sub-fund of ChinaAMC Select Fund)

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IMPORTANT:

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the fund, please refer to the explanatory memorandum of the fund which is available at our website: <http://www.chinaamc.com.hk>

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

CHINAAMC SELECT HONG KONG CHINA EQUITY 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
Yang Minghui
Zhang Xiaoling

LEGAL ADVISER TO THE MANAGER

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

TRUSTEE, ADMINISTRATOR AND REGISTRAR

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

AUDITORS

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

CUSTODIAN

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

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
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REPORT OF THE MANAGER TO THE UNITHOLDER

Chinese equities have gone through a roller-coaster ride in the first half of 2015. While many participants had been wondering whether People's Bank of China ("PBOC") would cut interest rate again at the beginning of the year, we were rather convinced that the direction for policy loosening was quite clear as China macro growth remained subdued. In addition to that, initiatives including the establishment of Asian Infrastructure Investment Bank, the announcement of the "One-belt, One road" scheme, the launch of the local government debt swap program and the loosening of second home mortgage also signaled that the government was determined to support economic growth. In April, China market recorded a strong rally with both A-share and H-share markets saw a new record high for the daily turnover during the month. The optimism in Shanghai & Shenzhen spilling over to Hong Kong eventually materialised in the month of April, we think the announcement by the China Securities Regulatory Commission ("CSRC") that allows the Mainland mutual funds to invest in Hong Kong stock market through Shanghai-Hong Kong Stock Connect and the deep discount of Hong Kong listing H-shares were reasons behind. Nonetheless, A-share market felt the force of gravity in June after enjoying a strong rally since late 2014, and H-share market was also affected. We believe the sell-off could be attributable to: (1) margin-triggered selling in the A-share market; and (2) lack of positive policy catalysts in the near-term. As a result, MSCI China Index and CSI 300 Index posted a return of 14.83% and 27.61% respectively in USD total returns for the first half of the year.

Looking ahead, we expect both A-share and H-share to remain volatile in the near term but are still positive on the markets, especially the latter, in the medium term due to: 1) monetary policy loosening to continue - real interest rate and Required Reserve Ratio ("RRR") in the Chinese economy are still high and we still see room for further cuts; 2) reform - a good performing equity market is important for State-Owned Enterprise ("SOE") reform; 3) RMB internationalisation - at the top priority of the current administration and Hong Kong listed equities will very likely benefit from China's opening-up such as Shenzhen-Hong Kong Connect program; 4) valuations - offshore Chinese equities are still trading at trough price-to-earnings (versus both historical level and domestic A-shares, and even many developed markets such as U.S., Europe and Japan), providing attractive risk/reward to investors.

China Asset Management (Hong Kong) Limited
26 August 2015

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
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STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period from 27 May 2015 (date of inception) to 30 June 2015

| | 2015 HKD |
|--|---------------------|
| INCOME | |
| Dividend income | 133,389 |
| Interest income on bank deposits | <u>89</u> |
| | <u>133,478</u> |
| EXPENSES | |
| Management fee | (13,542) |
| Trustee fee | (2,031) |
| Custodian fee | (2,285) |
| Auditors' remuneration | (24,780) |
| Preliminary expenses | (28,706) |
| Brokerage fees and other transaction costs | (45,614) |
| Other expenses | <u>(1,822)</u> |
| | <u>(118,780)</u> |
| INVESTMENT LOSSES | |
| Net losses on financial assets at fair value through profit or loss | <u>(1,536,314)</u> |
| | <u>(1,536,314)</u> |
| LOSS BEFORE TAX | |
| | <u>(1,521,616)</u> |
| Withholding tax expense | <u>(4,739)</u> |
| DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER | |
| | <u>(1,526,355)</u> |

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2015

2015
HKD

ASSETS

| | |
|---|--------------------------|
| Cash and cash equivalents | 3,001,278 |
| Financial assets at fair value through profit or loss | 8,336,740 |
| Amount due from a broker | 3,227,454 |
| Other assets and prepayments | <u>499,308</u> |
| TOTAL ASSETS | <u><u>15,064,780</u></u> |

LIABILITIES

| | |
|-------------------------------------|-------------------------|
| Amount due to a broker | 1,131,087 |
| Management fee payable | 13,542 |
| Trustee fee payable | 1,721 |
| Accrued expenses and other payables | <u>444,785</u> |
| TOTAL LIABILITIES | <u><u>1,591,135</u></u> |

NET ASSETS ATTRIBUTABLE TO UNITHOLDER 13,473,645

NUMBER OF UNITS IN ISSUE

Class I HKD 1,500,000

NET ASSET VALUE PER UNIT

Class I HKD 8.9824

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDER (UNAUDITED)

For the period from 27 May 2015 (date of inception) to 30 June 2015

| | Number of Units | HKD |
|---|------------------|---------------------|
| At 27 May 2015 (date of inception) | - | - |
| Subscription of units Class I HKD | 1,500,000 | 15,000,000 |
| Decrease in net assets attributable to unitholder Class I HKD | <u>-</u> | <u>(1,526,355)</u> |
| At 30 June 2015 | <u>1,500,000</u> | <u>13,473,645</u> |

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF CASH FLOWS (UNAUDITED)

For the period from 27 May 2015 (date of inception) to 30 June 2015

2015
HKD

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|---------------|
| Loss before tax | (1,521,616) |
| Increase in financial assets at fair value through profit or loss | (8,336,740) |
| Increase in amount due from a broker | (3,227,454) |
| Increase in other assets and prepayments | (499,308) |
| Increase in amount due to a broker | 1,131,087 |
| Increase in management fee payable | 13,542 |
| Increase in trustee fee payable | 1,721 |
| Increase in other expenses and payables | 444,785 |
| Cash used in operations | (11,993,983) |
| Tax paid | (4,739) |
| Net cash flows used in operating activities | (11,998,722) |

CASH FLOWS FROM FINANCING ACTIVITY

| | |
|--|------------|
| Proceeds from issue of units | 15,000,000 |
| Net cash flows generated from financing activity | 15,000,000 |

NET INCREASE IN CASH AND CASH EQUIVALENTS

| | |
|--|---|
| Cash and cash equivalents at the beginning of the period | - |
|--|---|

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

3,001,278

ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS

| | |
|---------------|------------------|
| Cash at banks | <u>3,001,278</u> |
|---------------|------------------|

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
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PERFORMANCE TABLE (UNAUDITED)

Net assets attributable to unitholder

(Calculated in accordance with the Trust Deed)

| | Net assets per unit HKD | Net assets attributable to unitholder HKD |
|------------------------------------|-------------------------------|--|
| As at 30 June 2015: Class I HKD | 8.9824 | 13,473,645 |

Highest issue price and lowest redemption price per unit¹

| | Highest issue price per unit HKD | Lowest redemption price per unit HKD |
|--|---|--|
| Period from 27 May 2015 (date of inception) to 30 June 2015 Class I HKD | 10.1937 | 8.8527 |

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

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

For the period from 27 May 2015 (date of inception) to 30 June 2015

| | At 27 May 2015 | <u>Movement in holdings</u> | | At 30 June 2015 |
|--|----------------------|-----------------------------|-------------|-----------------------|
| | | Addition | Disposals | |
| <u>Listed Equities</u> | | | | |
| Hong Kong | | | | |
| BBMG CORP-H | - | 79,000 | (79,000) | - |
| BEIJINGWEST INDUSTRIES INTL LTD | - | 748,000 | (748,000) | - |
| BELLE INTL HLDGS LTD | - | 70,000 | (70,000) | - |
| BYD ELECTRONIC (INTL) CO LTD | - | 80,000 | (80,000) | - |
| CHINA DONGXIANG (GROUP) CO LTD | - | 567,000 | - | 567,000 |
| CHINA HARMONY NEW ENERGY AUTO HLDG LTD | - | 25,000 | - | 25,000 |
| CHINA HIGH SPEED TRANSMISSION EQUIPMENT | - | 188,000 | - | 188,000 |
| CHINA POWER INTL DEVELOPMENT LTD | - | 200,000 | - | 200,000 |
| CONCORD NEW ENERGY GROUP LTD | - | 1,790,000 | (1,790,000) | - |
| EVERGRANDE REAL ESTATE GROUP LTD | - | 150,000 | (150,000) | - |
| GEELY AUTOMOBILE HLDGS LTD | - | 180,000 | - | 180,000 |
| GOME ELECTRICAL APPLIANCES HLDGS LTD | - | 208,000 | (208,000) | - |
| HI SUN TECHNOLOGY (CHINA) LTD | - | 387,000 | (387,000) | - |
| HONG KONG EXCHANGES & CLEARING LTD | - | 2,400 | - | 2,400 |
| LEE & MAN PAPER MANUFACTURING LTD | - | 173,000 | - | 173,000 |
| LUYE PHARMA GROUP LTD | - | 90,000 | (90,000) | - |
| NINE DRAGONS PAPER HLDGS LTD | - | 168,000 | - | 168,000 |
| SKY LIGHT HLDGS LTD | - | 330,000 | - | 330,000 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total investment portfolio | - | 5,435,400 | (3,602,000) | 1,833,400 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND
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INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2015

| | Holdings/ Shares | Fair value (in HKD) | % of net assets |
|--|---------------------|------------------------|--------------------|
| <u>Listed Equities</u> | | | |
| Hong Kong | | | |
| CHINA DONGXIANG (GROUP) CO LTD | 567,000 | 1,162,350 | 8.63% |
| CHINA HARMONY NEW ENERGY AUTO HLDG LTD | 25,000 | 216,250 | 1.60% |
| CHINA HIGH SPEED TRANSMISSION EQUIPMENT | 188,000 | 1,265,240 | 9.40% |
| CHINA POWER INTL DEVELOPMENT LTD | 200,000 | 1,182,000 | 8.77% |
| GEELY AUTOMOBILE HLDGS LTD | 180,000 | 745,200 | 5.53% |
| HONG KONG EXCHANGES & CLEARING LTD | 2,400 | 656,640 | 4.87% |
| LEE & MAN PAPER MANUFACTURING LTD | 173,000 | 854,620 | 6.34% |
| NINE DRAGONS PAPER HLDGS LTD | 168,000 | 1,139,040 | 8.45% |
| SKY LIGHT HLDGS LTD | 330,000 | 1,115,400 | 8.28% |
| Total investment portfolio (Cost: HKD 8,778,150) | | 8,336,740 | 61.87% |
| Other net assets | | 5,136,905 | 38.13% |
| Total net assets | | 13,473,645 | 100.00% |



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