

ChinaAMC Select Fund

**ChinaAMC Select  
Hong Kong China Equity Fund**

Annual Report

For the period from 27 May 2015 (date of inception) to 31  
December 2015



**华夏基金**  
**ChinaAMC**

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  
31 December 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 are subject to change. For more information about the fund, please refer to the explanatory memorandum of the fund which is available at our website: <http://www.chinaamc.com.hk>

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**

Mr. Yang Minghui  
Mr. Zhang Xiaoling  
Mr. Gan Tian

**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 UNITHOLDERS

*Market Review and Fund Performance*

Both China and Hong Kong stock markets suffered an unprecedented summer crash caused by the deleveraging policy, once wiped out over 40% of their value. That was followed by an abrupt 2% currency devaluation in August that sent shock waves through global markets. Although the Chinese economic data in November showed that economy began to stabilize, Chinese economy and companies' profits were weak in 4Q15. GDP growth was 6.9% YoY. CPI increased 1.6%, while PPI continued to decline 5.9% YoY in December. Profits of industrial enterprises above designated size decreased 4.7% YoY in the year end. By adopting a combination of top-down and bottom-up stock selection approach, the fund turned out to outperform the benchmark index by +5.67%<sup>1</sup> in 2015.

*Market Outlook and Investment Strategy*

We tend to be less pessimistic about the Hong Kong market in 2016. We tend to believe there are still plenty of investment opportunities with attractive valuation and solid fundamentals. Meanwhile, we are looking forward to see signs of economic recovery in China as numerous stimulus plans have been deployed in 2015. On the other side, PBOC will spend its best effort to maintain a stable RMB exchange rate, aiming to curb further capital outflow. Looking forward into 2016, continue its cautious approach in selecting we expect the long-awaited Shenzhen-Hong Kong Stock Connect program will be launched by this year, which could benefit Hong Kong listed small/midcaps given their likely inclusion into southbound link and the significant valuation discount from onshore counterparts. And also, we will continue to watch out for more substantive plans on SOE reform or structural supply-side reforms in general. Nonetheless, we are keeping an eye on opportunities in sectors that are oversold or appear to be bottoming-out.

China Asset Management (Hong Kong) Limited  
25 April 2016

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

CHINAAMC SELECT HONG KONG CHINA EQUITY 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 Hong Kong China Equity Fund (a sub-fund of ChinaAMC Select Fund) for the period from 27 May 2015 (date of inception) to 31 December 2015 in accordance with the provisions of the trust deed dated 12 January 2012, as amended.

On behalf of  
BOCI-Prudential Trustee Limited, the Trustee

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25 April 2016

## **Independent Auditors' Report**

To the Trustee and Manager of  
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)

We have audited the financial statements of ChinaAMC Select Hong Kong China Equity Fund (a sub-fund of ChinaAMC Select Fund (the "Trust") and referred to as the "Sub-Fund") set out on pages 6 to 25, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the period from 27 May 2015 (date of inception) to 31 December 2015, and a summary of significant accounting policies and other explanatory information.

### **Trustee's and Manager's responsibilities for the financial statements**

The Trustee and the Manager of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 12 January 2012 (the "Trust Deed"), as amended and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code") and for such internal control as the Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. We are also required to assess whether the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E of the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Sub-Fund's preparation of the financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee and the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Independent Auditors' Report (continued)**

To the Trustee and Manager of  
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)

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2015, and of its financial performance and cash flows for the period from 27 May 2015 (date of inception) to 31 December 2015 in accordance with International Financial Reporting Standards.

### **Report on other legal and regulatory requirements**

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 disclosure requirements specified in Appendix E of the SFC Code.

Hong Kong  
25 April 2016



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

STATEMENT OF COMPREHENSIVE INCOME

For the period from 27 May 2015 (date of inception) to 31 December 2015

	Notes	HKD
<b>INCOME</b>		
Dividend income		181,396
Interest income on bank deposits		<u>251</u>
		181,647
<b>EXPENSES</b>		
Trustee fee	4	( 29,130)
Preliminary expenses		( 437,505)
Brokerage fees and other transaction costs		( 155,422)
Other expenses		( 21,648)
Exchange loss		( 2,190)
Net loss on financial assets at fair value through profit or loss		<u>( 2,646,960)</u>
		<u>( 3,292,855)</u>
<b>LOSS BEFORE TAX</b>		<u>( 3,111,208)</u>
Withholding taxes	5	<u>( 6,655)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>( 3,117,863)</u></u>

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

STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	HKD
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	6	11,250,488
Cash and cash equivalents	7	17,935,517
Amounts due from the Manager	10	<u>327,257</u>
<b>TOTAL ASSETS</b>		<u><u>29,513,262</u></u>
<b>LIABILITIES</b>		
Trustee fee payable	4	20,000
Accrued expenses and other payables		576,281
Amount payable on redemption of units		11,942,850
Amounts due to brokers		<u>1,529,844</u>
<b>TOTAL LIABILITIES</b>		<u><u>14,068,975</u></u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	8	<u><u>15,444,287</u></u>
<b>NUMBER OF UNITS IN ISSUE</b>		
- Class I		<u><u>1,947,399.49</u></u>
<b>NET ASSET VALUE PER UNIT</b>		
- Class I		<u><u>7.9307</u></u>

.....  
Manager

.....  
Trustee

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the period from 27 May 2015 (date of inception) to 31 December 2015

	Number of units	HKD
As at 27 May 2015 (date of inception)	-	-
Subscription of units	3,447,399	30,505,000
Redemption of units	( 1,500,000)	( 11,942,850)
Decrease in net assets attributable to unitholders	<u>-</u>	<u>( 3,117,863)</u>
As at 31 December 2015	<u>1,947,399</u>	<u>15,444,287</u>

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND  
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STATEMENT OF CASH FLOWS

For the period from 27 May 2015 (date of inception) to 31 December 2015

	Note	HKD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax		( 3,111,208)
Adjustment for:		
Net loss on financial assets at fair value through profit or loss		2,646,960
Purchase of financial assets at fair value through profit or loss		( 48,021,207)
Proceeds from sale of financial assets at fair value through profit or loss		34,123,759
Increase in amount due from the Manager		( 327,257)
Increase in trustee fee payable		20,000
Increase in accrued expenses and other payables		576,281
Increase in amounts due to brokers		<u>1,529,844</u>
Cash used in operations		( 12,562,828)
Tax paid		( 6,655)
Net cash flow used in operating activities		<u>( 12,569,483)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Proceeds from issue of units		<u>30,505,000</u>
Net cash flows from financing activity		<u>30,505,000</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
		<u><u>17,935,517</u></u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash at banks	7	<u><u>17,935,517</u></u>
Net cash used in operating activities includes:		
Dividend received net of withholding tax		181,396
Interest income on bank deposits		251

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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 (the "Trust Deed").

ChinaAMC Select Hong Kong China Equity Fund (the "Sub-Fund") was constituted as a separate sub-fund of the Trust on 12 January 2012. The Sub-Fund is an open-ended unit trust and is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the "SFC Code"). Authorisation by the SFC does not imply official approval or recommendation. The Sub-Fund was launched on 27 May 2015. As at 31 December 2015, there are two other sub-funds established under the Trust, namely ChinaAMC Select RMB Bond Fund and ChinaAMC Select RMB Short-Term Bond Fund. ChinaAMC Select RMB Bond Fund was launched on 21 February 2012, and ChinaAMC Select RMB Short-Term Bond Fund was launched on 27 February 2014.

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

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 that have been measured at fair value. The financial statements are presented in HKD and all values are rounded to the nearest HKD except where otherwise indicated.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2015, in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS  
(continued)

IFRS 9	<i>Financial Instruments</i> <sup>1</sup>
IFRS 15	<i>Revenue from Contracts with Customer</i> <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

IFRS 15 was issued in May 2014 and shall be applied to a financial period beginning on or after 1 January 2018. The new standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs.

The Sub-Fund is currently assessing the impact of IFRS 9 and IFRS 15, and plans to adopt the new standards on the required effective date.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(i) Classification

The Sub-Fund classifies its financial assets and liabilities into the categories below in accordance with IAS 39.

*Financial assets at fair value through profit or loss*

*Financial assets held-for-trading:* financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes equity securities. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to other short-term receivables.

*Financial liabilities*

This category includes all financial liabilities, other than those classified as held-for-trading. The Sub-Fund includes in this category amounts relating to other short-term payables.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Recognition (continued)

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.

(iii) Initial measurement

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

Loans and receivables and financial liabilities (other than those classified as held-for-trading) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain/loss on financial assets at fair value through profit or loss. Interests earned of such instruments are recorded separately in 'interest income on financial assets at fair value through profit and loss'.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense 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 instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or 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 future credit losses. 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.

(v) Derecognition

A financial asset (or, where applicable a part of a financial asset or 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 either

- the Sub-Fund has transferred substantially all the risks and rewards of the asset, or
- the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) Derecognition

When the Sub-Fund has transferred its rights 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 nor 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.

Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 6 to the financial statements.

Impairment of financial assets

The Sub-Fund assesses at the end of each reporting period whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'Credit loss expense'.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position 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.

Functional and presentation currency

The Sub-Fund's functional currency is HKD, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in HKD. Therefore, the HKD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's presentation currency is also HKD.

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.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the statement of comprehensive income as part of the '*net gain on financial assets and liabilities at fair value through profit or loss*'. Exchange differences on other financial instruments are included in profit or loss in the statement of comprehensive income as other expenses.

Net assets attributable to unitholders

The Sub-Fund offered redeemable units, namely Class A units and Class I units, which are redeemable at the unitholder's option. As at 31 December 2015, only Class I units were issued and are classified as equity.

Redeemable units are subscribed and redeemed during the Hong Kong and PRC business days of each calendar month or such other day or days determined by the Manager and Trustee may agree from time to time for cash equal to a proportionate share of the Sub-Fund's net assets attributable to unitholders of the relevant classes. The Manager is entitled, with the approval of the Trustee, to limit the number of redeemable units of the Sub-Fund redeemed on any business day to 10% of the total number of redeemable units of the Sub-Fund in issue.

Redeemable units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net asset value per unit at the time of issue or redemption. The Sub-Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders by the number of units in issue.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units

Redeemable units are classified as an equity instrument when:

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

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

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

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

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

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

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

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

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 year in which it is approved by the Manager.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and demand deposits and short term deposit in banks with original maturities of three months or less.

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

Interest revenue

Interest revenue is recognised in the statement of comprehensive income for all interest-bearing financial instruments using the effective interest method.

Dividend income

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

Net gain on financial assets and liabilities at fair value through profit or loss

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

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

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the group 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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3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts due from/to broker

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

Amounts due to broker are payables for securities purchased (in a regular way transaction) that are financial liabilities, other than those classified as at fair value through profit and loss.

Taxes

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

3.2 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the Sub-Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Going concern

The Sub-Fund's manager has made an assessment of the Sub-Fund ability to continue as a going concern and is satisfied that the Sub-Fund has the intention and resources to continue in business for the 12 months after year end date. Furthermore, the Manager is not aware of any material uncertainties that may cast significant doubt upon the Sub-Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

4. FEES

Management fee

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

The management fee for the period from 27 May 2015 (date of inception) to 31 December 2015 was HKD71,583 and being reimbursed by the Manager. Further details of the balance are described in note 10 to the financial statements.

Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, current level up to 0.15% per annum (up to maximum of 0.5%) per annum, based on the net asset value, subject to minimum monthly fee of HKD40,000, which is waived for the first 6 months of the launch of the Sub-Fund and reduced by 50% for the next 6 months, and accrued on each valuation day and is paid monthly in arrears.

The trustee fee for the period from 27 May 2015 (date of inception) to 31 December 2015 was HKD29,130. As at 31 December 2015, trustee fee of HKD20,000 was payable to the Trustee.

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4. FEES (continued)

Custodian fee

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

The custodian fees for the period from 27 May 2015 (date of inception) to 31 December 2015 were HKD49,263 and being reimbursed by the Manager. Further details of the balance are described in note 10 to the financial statements.

5. TAXATION

Hong Kong Tax

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

PRC 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 dividend/interest income).

*Distribution Tax*

A ten per cent (10%) PRC withholding tax has been levied on dividend and interest payments from PRC companies to foreign investors. The Sub-Fund is subject to a distribution tax of ten per cent (10%). There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future. The distribution tax provided for the period from 27 May 2015 (date of inception) to 31 December 2015 was HKD6,655.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HKD
Held for trading	
- Listed equity securities	<u>11,250,488</u>
Total financial assets at fair value through profit or loss	<u>11,250,488</u>

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

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

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

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

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

As at 31 December 2015, the Sub-Fund only invested in listed equity securities in the Hong Kong Stock Exchange. No Level 2 and Level 3 investments were categorised by the Sub-Fund.

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

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

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value as at 31 December 2015.

	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
Financial assets held for trading:				
- Listed equity securities	<u>11,250,488</u>	<u>-</u>	<u>-</u>	<u>11,250,488</u>

There are no investments classified within Level 2 and Level 3 and no transfers between levels during the period from 27 May 2015 (date of inception) to 31 December 2015.

A detailed portfolio listing is set out on page 26.

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7. CASH AND CASH EQUIVALENTS

	2015 HKD
Cash at bank	<u>17,935,517</u>

The bank balance is the cash at bank held with Bank of China (Hong Kong) Limited, affiliate company of the Trustee, being held in an interest bearing account. The bank balances are deposited with creditworthy bank with no recent history of default.

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.

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:

	Total RMB
Net assets attributable to unitholders of (calculated in accordance with published NAV)	15,469,388
Adjustment for preliminary expenses	( 363,073)
Adjustment for amount due from the Manager	<u>337,972</u>
Net assets attributable to unitholders (calculated in accordance with financial statements)	<u>15,444,287</u>
	Total RMB
Net assets attributable to unitholders (per unit) (calculated in accordance with published NAV)	<u>7.9436</u>
Net assets attributable to unitholders (per unit) (calculated in accordance with financial statements)	<u>7.9307</u>

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9. FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES

Investment in the Sub-Fund is subject to market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The performance of the Sub-Fund will be affected by a number of risk factors, including the following:

**Market risk**

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

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

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

Price risk

The Sub-Fund's market price risk is managed through diversification of the investment portfolio as well as investing in securities with strong fundamentals. The table below summarises the overall market exposures of the Sub-Fund and the impact of increases/decreases from the Sub-Fund's financial assets at fair value through profit or loss on the Sub-Fund's net asset value as at 31 December 2015. The analysis is based on the assumption that the underlying investments in equity securities increased/decreased by a reasonable possible shift, with all other variables held constant.

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

	Carrying value of financial assets at fair value through profit or loss HKD	% of net assets %	Shift in underlying securities increase/ (decrease) %	Estimated possible change in net asset value increase/ (decrease) HKD
31 December 2015				
Held-for-trading	11,250,488	73	5 (5)	562,524 (562,524)

Interest rate risk

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

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



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

**Market risk** (continued)

Foreign exchange risk

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

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

**Liquidity risk**

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash and resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous to the Sub-Fund.

The Sub-Fund will focus on investing in the listed stocks in the Hong Kong Stock Exchange.

As at 31 December 2015, the Sub-Fund held liquid assets, comprising financial assets at fair value through profit or loss, cash and cash equivalents, and amounts due from the Manager that are expected to readily generate cash inflows for managing liquidity risk.

The following table summarises the maturity profile of the Sub-Fund's financial liabilities. The table also analyses the maturity profile of the Sub-Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

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	On demand HKD'000	Within 1 month HKD'000	1 month to 1 year HKD'000	1 to 5 years HKD'000	Total HKD'000
<u>Financial assets</u>					
Financial assets at fair value					
through profit or loss	11,250	-	-	-	11,250
Cash and cash equivalents	17,936	-	-	-	17,936
Amounts due from the Manager	327	-	-	-	327
Total financial assets	<u>29,513</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,513</u>

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

**Liquidity risk** (continued)

	On demand HKD'000	Within 1 month HKD'000	1 month to 1 year HKD'000	1 to 5 years HKD'000	Total HKD'000
<u>Financial liabilities</u>					
Trustee fee payable	-	20	-	-	20
Accrued expenses and other payables	-	576	-	-	576
Amounts due to brokers	-	1,530	-	-	1,530
Amount payable on redemption of units	-	11,943	-	-	11,943
Total financial liabilities	-	14,069	-	-	14,069

**Credit and counterparty risk**

The Sub-Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

All transactions in securities are settled/paid for upon delivery using approved brokers. 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 Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the custodian. The table below summarises the Sub-Fund's assets placed with banks and the custodian and their related credit ratings from Standard & Poor's ("S&P"):

<u>31 December 2015</u>	HKD	Credit rating	Source of credit rating
<u>Bank</u>			
Bank of China (Hong Kong) Limited	17,935,517	A	S&P
<u>Custodian</u>			
Bank of China (Hong Kong) Limited	11,250,488	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. 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 in note 4 to the financial statements and below.

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31 December 2015

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

Bank deposits and investments held by the Trustee's affiliates

The Sub-Fund's bank deposits and investments were held by the Trustee's affiliates, Bank of China (Hong Kong) Limited, with interest income amounted to HKD251. Further details of the balances held are described in notes 7 and 8 to the financial statements.

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 2.50% of the average net asset value published from 1 January 2015 to 31 December 2015 ("Average Net Asset Value") per unit of the Sub-Fund; any ongoing charges in excess of such figure as at the end of the reporting period will be borne by the Manager. The Manager has an absolute discretion to set the ongoing charges cap in respect of the units of the Sub-Fund at a rate below 2.50% of the Average Net Asset Value per unit.

The following expenses incurred by the Sub-Fund were borne by the Manager for the period ended 31 December 2015.

	Expenses incurred by the Sub-Fund HKD	Expenses borne by the Manager HKD	Expenses in the comprehensive income HKD
Management fee	71,583	71,583	-
Custodian fee	49,264	49,264	-
Audit fee	155,050	155,050	-
Legal & professional fee	62,075	62,075	-
Total	<u>337,972</u>	<u>337,972</u>	<u>-</u>

As at 31 December 2015, the amount due from the Manager was HKD327,257.

Holdings in the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund. The holdings in the Sub-Fund by the Manager and its connected persons as at 31 December 2015 were as follows:

Units held by ChinaAMC International Holdings Limited, a subsidiary of the Manager of the Sub-Fund, has redeemed all of its units in 2015:

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	Units outstanding at 27 May 2015	Units subscribed during the period	Units redeemed during the period	Units outstanding at 31 December 2015
Class I units	<u>1,500,000.00</u>	<u>-</u>	<u>1,500,000.00</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS

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11. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons may enter into soft commission arrangements with brokers under which certain goods and services used to support investment decision making will be received. The Manager and its connected persons will not make direct payment for these services but will transact an agreed amount of business with the brokers on behalf of the Sub-Fund and commission will be paid on these transactions.

The goods and services must be of demonstrable benefit to the Sub-Fund and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

Since the inception of the Sub-Fund, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts 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 2016.

CHINAAMC SELECT HONG KONG CHINA EQUITY FUND  
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INVESTMENT PORTFOLIO

31 December 2015

	Quantity	Fair Value (In HKD)	% of net assets
<b><u>SECURITIES</u></b>			
<b>Hong Kong</b>			
AIA GROUP LTD	18,800	876,080	5.67%
BEIJING ENTERPRISES HLDGS LTD	17,000	798,150	5.17%
CANVEST ENVIRONMENT PROTECTION GROUP CO LTD	83,000	279,710	1.81%
CGN NEW ENERGY HLDGS CO LTD	122,000	207,400	1.34%
CHINA INTL CAPITAL CORP LTD-H	84,400	1,065,128	6.90%
CHINA LIFE INSURANCE CO LTD-H	4,000	100,200	0.65%
CHINA MACHINERY ENGINEERING CORP-H	108,000	614,520	3.98%
CHINA MOBILE LTD	14,500	1,268,750	8.22%
CHINA PACIFIC INSURANCE (GROUP) CO-H	11,000	350,900	2.27%
CRCC HIGH-TECH EQUIPMENT CORP LTD-H	32,000	152,000	0.98%
GREENLAND HONG KONG HLDGS LTD	116,000	350,320	2.27%
GUANGDONG INVESTMENT LTD	62,000	680,760	4.42%
HONG KONG EXCHANGES & CLEARING LTD	600	119,100	0.77%
HUANENG RENEWABLES CORP LTD-H	170,000	394,400	2.55%
IMAX CHINA HLDG INC	15,000	819,750	5.31%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	5,500	236,500	1.53%
SHANGHAI INDUSTRIAL HLDGS LTD	23,000	468,050	3.03%
SINOPEC ENGINEERING (GROUP) CO LTD-H	18,500	122,470	0.79%
SINOSOFT TECHNOLOGY GROUP LTD	24,000	100,800	0.65%
TECHNOVATOR INTL LTD	48,000	238,560	1.54%
TENCENT HLDGS LTD	5,100	777,750	5.04%
WULING MOTORS HLDGS LTD	170,000	117,300	0.76%
XINYI GLASS HLDG CO LTD	80,000	364,800	2.36%
YUNNAN WATER INVESTMENT CO LTD-H	3,000	15,450	0.10%
ZHONGSHENG GROUP HLDGS LTD	156,000	731,640	4.74%
<b>Total investment portfolio (cost: HKD10,664,408)</b>		11,250,488	72.85%
<b>Other net assets</b>		4,193,799	27.15%
<b>Total net assets</b>		15,444,287	100.00%

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

31 December 2015

	Movement in holdings			At 31 December 2015
	At 27 May 2015 (date of inception)	Addition	Disposal	
<u>Securities</u>				
<b>Hong Kong</b>				
AIA GROUP LTD	-	18,800	-	18,800
BAIC MOTOR CORP LTD-H	-	53,000	(53,000)	-
BANK OF CHINA LTD-H	-	80,000	(80,000)	-
BBMG CORP-H	-	79,000	(79,000)	-
BEIJING ENTERPRISES HLDGS LTD	-	17,000	-	17,000
BEIJINGWEST INDUSTRIES INTL LTD	-	748,000	(748,000)	-
BELLE INTL HLDGS LTD	-	70,000	(70,000)	-
BRILLIANCE CHINA AUTOMOTIVE HLDGS LTD	-	60,000	(60,000)	-
BYD ELECTRONIC (INTL) CO LTD	-	120,000	(120,000)	-
CANVEST ENVIRONMENT PROTECTION GROUP CO LTD	-	83,000	-	83,000
CGN NEW ENERGY HLDGS CO LTD	-	472,000	(350,000)	122,000
CGN POWER CO LTD-H	-	260,000	(260,000)	-
CHINA CONSTRUCTION BANK CORP-H	-	50,000	(50,000)	-
CHINA DONGXIANG (GROUP) CO LTD	-	567,000	(567,000)	-
CHINA FOODS LTD	-	108,000	(108,000)	-
CHINA HARMONY NEW ENERGY AUTO HLDG LTD	-	25,000	(25,000)	-
CHINA HIGH SPEED TRANSMISSION EQUIPMENT	-	268,000	(268,000)	-
CHINA INTL CAPITAL CORP LTD-H	-	84,400	-	84,400
CHINA LIFE INSURANCE CO LTD-H	-	4,000	-	4,000
CHINA MACHINERY ENGINEERING CORP-H	-	108,000	-	108,000
CHINA MERCHANTS CHINA DIRECT INVESTMENTS LTD	-	20,000	(20,000)	-
CHINA MERCHANTS HLDGS (INTL) CO LTD	-	30,000	(30,000)	-
CHINA MOBILE LTD	-	17,000	(2,500)	14,500
CHINA PACIFIC INSURANCE (GROUP) CO-H	-	11,000	-	11,000
CHINA POWER INTL DEVELOPMENT LTD	-	200,000	(200,000)	-
CHINA SINGYES SOLAR TECHNOLOGIES HLDGS	-	98,000	(98,000)	-
CHINA SUNTIEN GREEN ENERGY CORP LTD-H	-	500,000	(500,000)	-

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

31 December 2015

	Movement in holdings			At 31 December 2015
	At 27 May 2015 (date of inception)	Addition	Disposal	
<u>Securities</u>				
<b>Hong Kong</b>				
COGOBUY GROUP	-	25,000	(25,000)	-
CONCORD NEW ENERGY GROUP LTD	-	2,690,000	(2,690,000)	-
CRCC HIGH-TECH EQUIPMENT CORP LTD-H	-	32,000	-	32,000
CSPC PHARMACEUTICAL GROUP LTD	-	80,000	(80,000)	-
DONGFENG MOTOR GROUP CO LTD-H	-	64,000	(64,000)	-
DONGYUE GROUP LTD	-	50,000	(50,000)	-
EVERGRANDE REAL ESTATE GROUP LTD	-	150,000	(150,000)	-
FUYAO GLASS INDUSTRY GROUP CO LTD-H	-	3,600	(3,600)	-
GEELY AUTOMOBILE HLDGS LTD	-	445,000	(445,000)	-
GOME ELECTRICAL APPLIANCES HLDGS LTD	-	208,000	(208,000)	-
GREENLAND HONG KONG HLDGS LTD	-	260,000	(144,000)	116,000
GUANGDONG INVESTMENT LTD	-	114,000	(52,000)	62,000
GUANGZHOU AUTOMOBILE GROUP CO LTD-H	-	118,000	(118,000)	-
GUOTAI JUNAN INTL HLDGS LTD	-	343,000	(343,000)	-
HAITONG SECURITIES CO LTD-H	-	40,000	(40,000)	-
HI SUN TECHNOLOGY (CHINA) LTD	-	387,000	(387,000)	-
HONG KONG EXCHANGES & CLEARING LTD	-	3,000	(2,400)	600
HUANENG RENEWABLES CORP LTD-H	-	170,000	-	170,000
IMAX CHINA HLDG INC	-	15,000	-	15,000
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	-	60,000	(60,000)	-
JOY CITY PROPERTY LTD	-	200,000	(200,000)	-
LEE & MAN PAPER MANUFACTURING LTD	-	173,000	(173,000)	-
LUYE PHARMA GROUP LTD	-	90,000	(90,000)	-
NETDRAGON WEBSOFT INC	-	10,500	(10,500)	-
NEXTEER AUTOMOTIVE GROUP LTD	-	94,000	(94,000)	-
NINE DRAGONS PAPER HLDGS LTD	-	168,000	(168,000)	-
PING AN INSURANCE GROUP CO OF CHINA LTD-H	-	9,500	(4,000)	5,500

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

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

31 December 2015

	Movement in holdings			At 31 December 2015
	At 27 May 2015 (date of inception)	Addition	Disposal	
<u>Securities</u>				
<b>Hong Kong</b>				
SEMICONDUCTOR MANUFACTURING INTL CORP	-	1,200,000	(1,200,000)	-
SHANGHAI FUDAN MICROELECTRONICS GROUP CO LTD-H	-	42,000	(42,000)	-
SHANGHAI INDUSTRIAL HLDGS LTD	-	23,000	-	23,000
SHENZHEN EXPRESSWAY CO LTD-H	-	124,000	(124,000)	-
SINOPEC ENGINEERING (GROUP) CO LTD-H	-	62,500	(44,000)	18,500
SINOSOFT TECHNOLOGY GROUP LTD	-	78,000	(54,000)	24,000
SINOTRANS SHIPPING LTD	-	35,500	(35,500)	-
SKY LIGHT HLDGS LTD	-	330,000	(330,000)	-
TECHNOVATOR INTL LTD	-	98,000	(50,000)	48,000
TENCENT HLDGS LTD	-	5,100	-	5,100
TIANJIN DEVELOPMENT HLDGS LTD	-	50,000	(50,000)	-
VALUE PARTNERS GROUP LTD	-	113,000	(113,000)	-
WULING MOTORS HLDGS LTD	-	170,000	-	170,000
XINGDA INTL HLDGS LTD	-	186,000	(186,000)	-
XINYI GLASS HLDG CO LTD	-	262,000	(182,000)	80,000
XINYI SOLAR HLDGS LTD	-	40,000	(40,000)	-
YUNNAN WATER INVESTMENT CO LTD-H	-	3,000	-	3,000
ZHONGSHENG GROUP HLDGS LTD	-	270,500	(114,500)	156,000
<b>US</b>				
DAQO NEW ENERGY CORP-ADR	-	2,000	(2,000)	-
Total investment portfolio	-	<u>13,248,400</u>	<u>(11,857,000)</u>	<u>1,391,400</u>



CHINAAMC SELECT HONG KONG CHINA EQUITY FUND  
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PERFORMANCE TABLE

Net asset value attributable to unitholders

	Net assets value per unit HKD	Net assets attributable to unitholders HKD
31 December 2015	<u>7.9307</u>	<u>15,444,287</u>

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

	Highest issue unit price HKD	Lowest redemption unit price HKD
Period from 27 May 2015 (date of inception) to 31 December 2015	<u>10.1937</u>	<u>6.5961</u>

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

