

ChinaAMC Select Fund  
**ChinaAMC Select RMB Bond Fund**

Annual Report

For the year ended 31 December 2015



**华夏基金**  
**ChinaAMC**

ANNUAL REPORT

CHINAAMC SELECT RMB BOND 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 year ended 31 December 2015

CHINAAMC SELECT RMB BOND 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 RMB BOND 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. Zhou Quan (resigned on 10 April 2015)  
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

**RQFII LOCAL CUSTODIAN**

Bank of China Limited  
1 Fuxingmen Nei Dajie  
Beijing  
China

CHINAAMC SELECT RMB BOND FUND  
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REPORT OF THE MANAGER TO THE UNITHOLDERS

*Market Review and Fund Performance*

The economy remained in a downturn in the beginning of 2015. The economic data also remained weak in the first quarter, which did not surprise the market to the upside. Yield curve moved downwards in the aftermath of another batch of weak economic data during 2Q15. Market confidence in the stability of RMB exchange rate was improved, after IMF agreed to include China's RMB in benchmark SDR in November 2015. A few economic data appeared to show a potential bottoming sign in economic activities in 4Q15, however it's not going to be easy to prove or disprove it until after the Spring Festival season when data became more stable.

Our conservative approach in credits selection and duration management proved to be successful again in 2015. As of the end of December 2015, the Class A RMB of ChinaAMC Select RMB Bond Fund posted a total return of +6.33%<sup>1</sup>.

*Market Outlook and Investment Strategy*

We believe that market focus in 2016 is still on stressed fundamentals and accommodative policies. Eagerness to get into the market before the year-end has driven long-duration government bonds and policy bank bonds to highs only seen back in 2008. Market may enter into a range-bounding period after a year-long bull run as yields reach relatively low level and supply is poised to increase in 2016. It may be sensible to stay on the sideline for better entry points, so we tend to continue to hold medium to high quality credits and retain cash for entry points in 2016.

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 RMB BOND 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 RMB Bond Fund (a sub-fund of ChinaAMC Select Fund) for the year ended 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 RMB BOND 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 RMB Bond Fund (a sub-fund of ChinaAMC Select Fund (the "Trust") and referred to as the "Sub-Fund") set out on pages 6 to 33, 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, statement of cash flows and statement of distribution for the year then ended, 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 RMB BOND 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 year then ended 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 RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	2015 RMB	2014 RMB
<b>INCOME</b>			
Dividend income		665,819	490,772
Net foreign exchange gains		2,350,951	-
Interest income on financial assets at fair value through profit or loss		68,305,313	73,461,846
Interest income on bank deposits and deposit reserve		242,110	257,318
Net gain on financial assets at fair value through profit or loss		<u>21,413,965</u>	<u>43,522,704</u>
		<u>92,978,158</u>	<u>117,732,640</u>
<b>EXPENSES</b>			
Management fee	4	( 12,950,090)	( 15,112,060)
Trustee fee	4	( 1,528,560)	( 1,514,848)
Custodian fee	4	( 811,168)	( 930,634)
Auditors' remuneration		( 233,471)	( 314,807)
Preliminary expenses		( 123,174)	( 339,297)
Brokerage fees and other transaction costs		( 607,462)	( 609,951)
Net foreign exchange losses		-	( 916,769)
Other expenses		( 1,106,167)	( 504,232)
		<u>( 17,360,092)</u>	<u>( 20,242,598)</u>
<b>FINANCE COSTS</b>			
Distribution to unitholders			
- Class A RMB	6	( 25,653,380)	( 42,221,599)
- Class I-DIST-RMB	6	( 6,921,485)	( 1,425,610)
- Class A-DIST-USD	6	( 6,974,656)	( 2,174,093)
		<u>( 39,549,521)</u>	<u>( 45,821,302)</u>
<b>PROFIT BEFORE TAX</b>		<u>36,068,545</u>	<u>51,668,740</u>
Withholding taxes	5	<u>1,389,872</u>	<u>4,186,509</u>
<b>INCREASE IN NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>		<u><u>37,458,417</u></u>	<u><u>55,855,249</u></u>

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB	2014 RMB
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	7	668,073,985	1,217,669,967
Interest receivable		22,341,292	40,260,505
Subscription receivable		-	52,184,456
Deposits and other receivable		167,795	423,614
Cash and cash equivalents	8	<u>37,454,336</u>	<u>19,627,443</u>
<b>TOTAL ASSETS</b>		<u><b>728,037,408</b></u>	<u><b>1,330,165,985</b></u>
<b>LIABILITIES</b>			
Redemption payable		2,911,692	12,640,764
Management fee payable	4	771,388	1,195,327
Trustee fee payable	4	82,832	140,428
Other payables		295,889	344,817
Tax payable		6,053,361	7,661,423
Distributions payable to unitholders		<u>2,649,836</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u><b>12,764,998</b></u>	<u><b>21,982,759</b></u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	9	<u><b>715,272,410</b></u>	<u><b>1,308,183,226</b></u>
<b>NUMBER OF UNITS IN ISSUE</b>			
- Class A RMB		48,726,156.31	74,001,353.20
- Class I-DIST-RMB		1,709,695.17	11,941,709.94
- Class I-ACC-USD		385,634.43	4,614,999.85
- Class A-DIST-USD		<u>2,393,134.98</u>	<u>1,947,253.95</u>
<b>NET ASSET VALUE PER UNIT</b>			
- Class A RMB		RMB 10.59	RMB10.33
- Class I-DIST-RMB		RMB 10.54	RMB10.23
- Class I-ACC-USD		USD 10.56	USD10.39
- Class A-DIST-USD		<u>USD 9.79</u>	<u>USD10.10</u>

.....  
Manager

.....  
Trustee

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2015

	Number of Units	RMB
At 1 January 2014	145,007,798.41	1,447,166,147
Subscription of units		
- Class-A RMB	8,007,324.89	83,035,262
- Class-I-DIST-RMB	11,941,709.94	122,000,000
- Class-I-ACC-USD	5,574,742.78	350,649,216
- Class-A-DIST-USD	2,004,056.98	127,028,773
- Class-I-ACC-RMB	<u>6,000,000.00</u>	<u>60,000,000</u>
	33,527,834.59	742,713,251
Redemption of units		
- Class-A RMB	( 79,013,770.10)	( 809,981,190)
- Class-I-ACC-USD	( 959,742.93)	( 61,897,190)
- Class-A-DIST-USD	( 56,803.03)	( 3,573,041)
- Class-I-ACC-RMB	<u>( 6,000,000.00)</u>	<u>( 62,100,000)</u>
	( 86,030,316.06)	( 937,551,421)
Increase in net assets attributable to unitholders	-	55,855,249
At 31 December 2014 and 1 January 2015	92,505,316.94	1,308,183,226
Subscription of units		
- Class-A RMB	7,722,622.61	80,763,213
- Class-I-DIST-RMB	21,737,652.33	225,000,000
- Class-I-ACC-USD	2,490,054.72	164,995,915
- Class-A-DIST-USD	1,697,095.97	107,909,485
- Class-I-ACC-RMB	<u>8,673,419.75</u>	<u>90,000,000</u>
	42,320,845.38	668,668,613
Redemption of units		
- Class-A RMB	( 32,997,819.50)	( 345,124,001)
- Class-I-DIST-RMB	( 31,969,667.10)	( 333,508,095)
- Class-I-ACC-USD	( 6,719,420.14)	( 448,608,206)
- Class-A-DIST-USD	( 1,251,214.94)	( 79,588,813)
- Class-I-ACC-RMB	<u>( 8,673,419.75)</u>	<u>( 92,208,731)</u>
	( 81,611,541.43)	(1,299,037,846)
Increase in net assets attributable to unitholders	-	37,458,417
At 31 December 2015	<u>53,214,620.89</u>	<u>715,272,410</u>

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 RMB	2014 RMB
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		36,068,545	51,668,740
Adjustment for:			
Net gain on financial assets at fair value through profit or loss		( 21,413,965)	( 43,522,704)
Dividend to unitholders		39,549,521	45,821,302
Purchase of financial assets at fair value through profit or loss		(1,765,074,631)	(2,163,026,491)
Proceeds from sale of financial assets at fair value through profit or loss		2,336,084,578	2,371,154,161
Decrease in interest receivable		17,919,213	7,321,221
Decrease in deposits and other receivable		255,819	606,601
Decrease in management fee payable		( 423,939)	( 386,941)
Decrease in trustee fee payable		( 57,596)	( 17,943)
(Decrease)/increase in other payables		( 48,928)	109,129
Cash generated from operations		642,858,617	269,727,075
Tax paid		( 218,190)	( 167,409)
Net cash flows generated from operating activities		<u>642,640,427</u>	<u>269,559,666</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of units		720,853,069	690,661,771
Payments for redemption of units		(1,308,766,918)	( 951,365,358)
Distribution to unitholders		( 36,899,685)	( 45,821,302)
Net cash flows used in from financing activities		<u>( 624,813,534)</u>	<u>( 306,524,889)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		17,826,893	( 36,965,223)
Cash and cash equivalents at beginning of year		<u>19,627,443</u>	<u>56,592,666</u>
<b>CASH AND CASH EQUIVALENTS AT THE YEAR END</b>		<u><u>37,454,336</u></u>	<u><u>19,627,443</u></u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Cash at banks	8	<u><u>37,454,336</u></u>	<u><u>19,627,443</u></u>
Net cash used in operating activities includes:			
Dividend received net of withholding tax		665,819	490,772
Interest income on bank deposits		242,110	261,730

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF DISTRIBUTION

Year ended 31 December 2015

	Note	RMB
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		55,855,249
Add: finance costs – distribution to unitholders		45,821,302
Less: Net change in unrealised gain on financial assets at fair value through profit or loss		<u>( 44,168,901)</u>
Undistributed income before distribution		57,507,650
Interim distribution distributed on 11 June 2014	6	( 22,237,734)
- RMB0.2 per unit for Class A RMB		
- RMB0.2 per unit for Class I-DIST-RMB		
Final distribution distributed on 9 December 2014	6	( 23,583,568)
- RMB0.26 per unit for Class A RMB		
- USD0.2 per unit for Class A-DIST-USD		
- RMB0.25 per unit for Class I-DIST-RMB		
Transfer from undistributed net distributable income reserve		<u>( 11,686,348)</u>
Undistributed income at 31 December 2014		<u><u>-</u></u>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		37,458,417
Add: - finance costs – distribution to unitholders		39,549,521
- Net change in unrealised gain on financial assets at fair value through profit or loss		<u>6,063,287</u>
Undistributed income before distribution for the year		83,071,225
Distribution on 4 February 2015 (Record date: 28 January 2015)	6	( 6,016,469)
- RMB0.06 per unit for Class A RMB		
- USD0.06 per unit for Class A-DIST-USD		
- RMB0.06 per unit for Class I-DIST-RMB		
Distribution on 4 March 2015 (Record date: 25 February 2015)	6	( 3,088,223)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		
Distribution on 8 April 2015 (Record date: 27 March 2015)	6	( 3,680,829)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF DISTRIBUTION (continued)

Year ended 31 December 2015

	Note	RMB
Distribution on 6 May 2015 (Record date: 28 April 2015)	6	( 2,644,723)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		
Distribution on 3 June 2015 (Record date: 27 May 2015)	6	( 2,872,555)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		
Distribution on 6 July 2015 (Record date: 26 June 2015)	6	( 4,076,770)
- RMB0.04 per unit for Class A RMB		
- USD0.04 per unit for Class A-DIST-USD		
- RMB0.04 per unit for Class I-DIST-RMB		
Distribution on 5 August 2015 (Record date: 29 July 2015)	6	( 3,150,173)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		
Distribution on 4 September 2015 (Record date: 27 August 2015)	6	( 2,845,234)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		
Distribution on 12 October 2015 (Record date: 25 September 2015)	6	( 3,530,831)
- RMB0.04 per unit for Class A RMB		
- USD0.04 per unit for Class A-DIST-USD		
- RMB0.04 per unit for Class I-DIST-RMB		
Distribution on 4 November 2015 (Record date: 28 October 2015)	6	( 2,584,758)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		
Distribution on 3 December 2015 (Record date: 26 November 2015)	6	( 2,409,197)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		
Distribution on 6 January 2016 (Record date: 29 December 2015)	6	( 2,649,759)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.03 per unit for Class I-DIST-RMB		
Transfer from undistributed net distributable income reserve		<u>( 43,521,704)</u>
Undistributed income at 31 December 2015		<u><u>-</u></u>

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

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 RMB Bond 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 21 February 2012. As at 31 December 2015, there are two other sub-funds established under the Trust, namely ChinaAMC Select RMB Short-term Bond Fund and ChinaAMC Select Hong Kong China Equity Fund. ChinaAMC Select RMB Short-Term Bond Fund was launched on 27 February 2014, and ChinaAMC Select Hong Kong China Equity Fund has been launched on 27 May 2015.

The manager of the Trust is China Asset Management (Hong Kong) Limited (the "Manager") and the Trustee is BOCI-Prudential Trustee Limited (the "Trustee"). The Custodian is Bank of China (Hong Kong) Limited (the "Custodian") and the Renminbi Qualified Foreign Institutional Investors (the "RQFII") local custodian is Bank of China Limited (the "RQFII Local Custodian").

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

The investment objective of the Sub-Fund is to achieve capital appreciation and income generation by primarily (i.e. not less than 80% of its net assets) investing in People's Republic of China ("PRC") Renminbi ("RMB") fixed income securities.

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

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting principles adopted in the current year are consistent with those of the prior year, except that the Sub-Fund has adopted the following revised accounting standard:

*Annual Improvements 2010-2012 Cycle*

The Sub-Fund has applied the applicable improvement for the first time in these financial statements. This includes:

*IAS 24 Related Party Disclosures*: Clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment to IAS 24 has no impact on the Sub-Fund.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2.4 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 collective investment scheme and debt instruments. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Subsequent measurement (continued)

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.

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 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.

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 RMB, 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 RMB. Therefore, the RMB 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 RMB.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions (continued)

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/loss 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 issues redeemable units, namely Class A units and Class I units, which are redeemable at the unitholder's option and are classified as financial liabilities.

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 of the relevant class.

Redeemable units

Redeemable units are redeemable at the unitholders' option and are classified as financial liabilities.

The Sub-Fund's net asset value per unit is calculated by dividing its net assets attributable to unitholders by the number of units in issue.

The Sub-Fund's redeemable units do not meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and are classified as financial liabilities.

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.

Distributions to unitholders

Distributions are at the discretion of the Sub-Fund. A distribution to the Sub-Fund's unitholders is accounted for as a finance cost recognised in the statement of comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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/loss 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts due from/to broker

Amounts due from brokers include margin accounts and 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 or loss.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND CHANGE IN 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 next 12 months after the 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.

*Taxation*

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

On 17 November 2014, the Sub-Fund changed its accounting estimates in respect of PRC withholding income tax provision which was announced by the Manager through the Hong Kong Exchanges and Clearing Limited for changes in respect of its WIT policy on behalf of the Sub-Fund. No PRC withholding income tax ("WIT") provision is made by the Sub-Fund on the capital gains derived from trading of A-Shares.

4. FEES

Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, at a rate of 1.25% (up to maximum of 1.75%) per annum for Class A units and 0.75% (up to maximum of 1.75%) per annum for Class I units with respect to the net asset value of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears.

The management fee for the year ended 31 December 2015 was RMB12,950,090 (2014: RMB15,112,060). As at 31 December 2015, management fee of RMB771,388 (2014: RMB1,195,327) was payable to the Manager.

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4. FEES (continued)

Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, at current rates ranging from 0.09% to 0.175% (with a maximum of 0.5%) per annum based on the net asset value, subject to minimum monthly fee of RMB40,000 and accrued on each dealing day and is paid monthly in arrears.

The trustee fee for the year ended 31 December 2015 was RMB1,528,560 (2014: RMB1,514,848). As at 31 December 2015, trustee fee of RMB82,832 (2014: RMB140,428) was payable to the Trustee.

Custodian and RQFII Local Custodian fee

The Custodian and RQFII Local Custodian are entitled to receive custodian fees from the Sub-Fund, at a current rate of 0.1% (up to a maximum of 0.3%) per annum, calculated monthly and is paid monthly in arrears.

The Custodian and RQFII Local Custodian fee for the year ended 31 December 2015 were RMB811,168 (2014: RMB930,634).

5. WITHHOLDING TAXES

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).

*Capital Gains Tax*

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to 10% withholding tax on income (such as dividends on, or interest income from, such investments, as the case may be) imposed in the PRC. To date, PRC withholding tax has been enforced on dividend payments from PRC securities; as well as, interest from PRC bonds. Prior to 11 July 2014, the Sub-Fund elected to withhold a 10% for tax provisions on any gains derived from the disposal of PRC securities and/or PRC bonds, and interest from PRC bonds (other than interest from government bonds), and dividend from PRC securities, to provide for possible tax costs to be incurred when a gain is crystallised.

On 11 July 2014, the Sub-Fund changed its accounting estimate in respect of PRC withholding tax ("WIT") provision which was announced by the Manager through the Manager's website dated 18 August 2014 (the "Announcement") for changes in respect of its WIT policy on behalf of the Sub-Fund. With effect from 11 July 2014, no WIT provision is made on the gross realised and unrealised capital gains derived from PRC RMB fixed income securities and PRC A-Shares, except for those capital gains derived from trading of A-Shares issued by PRC resident companies which are "land rich companies" as defined in the Announcement. The Sub-Fund reversed the WIT provision made on the capital gains derived from PRC RMB Fixed Income Securities and PRC A-Shares, except for those gross realised capital gains derived from the previous disposal of PRC A-Shares which are land rich companies.

On 17 November 2014, the Sub-Fund changed its accounting estimate in respect of PRC WIT provision which was announced by the Manager through the Manager's website dated 8 December 2014 (the "2<sup>nd</sup> Announcement") for changes in respect of its WIT policy on behalf of the Sub-Fund.

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5. WITHHOLDING TAXES (continued)

With effect from 17 November 2014, no PRC withholding income tax ("WIT") provision is made by the Sub-Fund on the capital gains derived from trading of A-Shares.

Capital gains tax provisioning policy of the Sub-Fund is described in note 3 above. The capital gains tax credit for the year ended 31 December 2015 was nil (2014: credit of RMB3,925,432).

*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 credit for the year ended 31 December 2015 was RMB1,389,872 (2014: credit of RMB261,077).

6. DISTRIBUTION

With effect from 11 May 2014 (the "Effective Date"), the distribution policy of the Sub-Fund was amended as the Manager currently intends to make distributions on at least a semi-annually basis and may at its discretion pay distributions out of the capital of the Sub-Fund or pay distributions out of gross income while charging or paying all or part of the Sub-Fund's fees and expenses to or out of the capital of the Sub-Fund.

<u>Class A RMB</u>	2015 RMB	2014 RMB
Distribution paid on 4 February 2015 (Record date: 28 January 2015) 2015: RMB 0.06 per unit (2014: nil)	4,284,862	-
Distribution paid on 4 March 2015 (Record date: 25 February 2015) 2015: RMB 0.03 per unit (2014: nil)	2,074,550	-
Distribution paid on 8 April 2015 (Record date: 27 March 2015) 2015: RMB 0.04 per unit (2014: nil)	2,649,106	-
Distribution paid on 6 May 2015 (Record date: 28 April 2015) 2015: RMB 0.03 per unit (2014: nil)	1,876,558	-
Distribution paid on 3 June 2015 (Record date: 27 May 2015) 2015: RMB 0.03 per unit (2014: nil)	1,833,243	-
Distribution paid on 6 July 2015 (Record date: 26 June 2015) 2015: RMB 0.04 per unit (2014: RMB0.20 per unit)	2,449,628	22,037,734

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6. DISTRIBUTION (continued)

<u>Class A RMB</u> (continued)	2015 RMB	2014 RMB
Distribution paid on 5 August 2015 (Record date: 29 July 2015) 2015: RMB 0.03 per unit (2014: nil)	1,793,752	-
Distribution paid on 4 September 2015 (Record date: 27 August 2015) 2015: RMB 0.03 per unit (2014: nil)	1,717,068	-
Distribution paid on 12 October 2015 (Record date: 25 September 2015) 2015: RMB 0.04 per unit (2014: nil)	2,045,592	-
Distribution paid on 4 November 2015 (Record date: 28 October 2015) 2015: RMB 0.03 per unit (2014: nil)	1,499,382	-
Distribution paid on 3 December 2015 (Record date: 26 November 2015) 2015: RMB 0.03 per unit (2014: nil)	1,477,126	-
Distribution paid on 6 January 2016 (Record date: 29 December 2015) 2015: RMB 0.04 per unit (2014: RMB0.26 per unit)	<u>1,952,513</u>	<u>20,183,865</u>
	<u>25,653,380</u>	<u>42,221,599</u>
 <u>Class I-DIST-RMB</u>	 2015 RMB	 2014 RMB
Distribution paid on 4 February 2015 (Record date: 28 January 2015) 2015: RMB 0.06 per unit (2014: nil)	978,274	-
Distribution paid on 4 March 2015 (Record date: 25 February 2015) 2015: RMB 0.03 per unit (2014: nil)	576,516	-
Distribution paid on 8 April 2015 (Record date: 27 March 2015) 2015: RMB 0.04 per unit (2014: nil)	417,940	-
Distribution paid on 6 May 2015 (Record date: 28 April 2015) 2015: RMB 0.03 per unit (2014: nil)	308,355	-

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6. DISTRIBUTION (continued)

<u>Class I-DIST-RMB</u> (continued)	2015 RMB	2014 RMB
Distribution paid on 3 June 2015 (Record date: 27 May 2015) 2015: RMB 0.03 per unit (2014: nil)	464,929	-
Distribution paid on 6 July 2015 (Record date: 26 June 2015) 2015: RMB 0.04 per unit (2014: RMB0.20 per unit)	817,986	200,000
Distribution paid on 5 August 2015 (Record date: 29 July 2015) 2015: RMB 0.03 per unit (2014: nil)	725,119	-
Distribution paid on 4 September 2015 (Record date: 27 August 2015) 2015: RMB 0.03 per unit (2014: nil)	635,902	-
Distribution paid on 12 October 2015 (Record date: 25 September 2015) 2015: RMB 0.04 per unit (2014: nil)	842,670	-
Distribution paid on 4 November 2015 (Record date: 28 October 2015) 2015: RMB 0.03 per unit (2014: nil)	617,703	-
Distribution paid on 3 December 2015 (Record date: 26 November 2015) 2015: RMB 0.03 per unit (2014: nil)	467,703	-
Distribution paid on 6 January 2016 (Record date: 29 December 2015) 2015: RMB 0.04 per unit (2014: RMB0.26 per unit)	<u>68,388</u>	<u>1,225,610</u>
	<u>6,921,485</u>	<u>1,425,610</u>

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6. DISTRIBUTION (continued)	2015	2014
<u>Class A-DIST-USD</u>	RMB	RMB
Distribution paid on 4 February 2015 (Record date: 28 January 2015) 2015: USD 0.06 per unit (2014: nil)	753,333	-
Distribution paid on 4 March 2015 (Record date: 25 February 2015) 2015: USD 0.03 per unit (2014: nil)	437,157	-
Distribution paid on 8 April 2015 (Record date: 27 March 2015) 2015: USD 0.04 per unit (2014: nil)	613,783	-
Distribution paid on 6 May 2015 (Record date: 28 April 2015) 2015: USD 0.03 per unit (2014: nil)	459,810	-
Distribution paid on 3 June 2015 (Record date: 27 May 2015) 2015: USD 0.03 per unit (2014: nil)	574,383	-
Distribution paid on 6 July 2015 (Record date: 26 June 2015) 2015: USD 0.04 per unit (2014: nil)	809,156	-
Distribution paid on 5 August 2015 (Record date: 29 July 2015) 2015: USD 0.03 per unit (2014: nil)	631,302	-
Distribution paid on 4 September 2015 (Record date: 27 August 2015) 2015: USD 0.03 per unit (2014: nil)	492,264	-
Distribution paid on 12 October 2015 (Record date: 25 September 2015) 2015: USD 0.04 per unit (2014: nil)	642,569	-
Distribution paid on 4 November 2015 (Record date: 28 October 2015) 2015: USD 0.03 per unit (2014: nil)	467,673	-
Distribution paid on 3 December 2015 (Record date: 26 November 2015) 2015: USD 0.03 per unit (2014: nil)	464,368	-
Distribution paid on 6 January 2016 (Record date: 29 December 2015) 2015: USD 0.04 per unit (2014: USD0.20 per unit)	<u>628,858</u>	<u>2,174,093</u>
	<u><u>6,974,656</u></u>	<u><u>2,174,093</u></u>

CHINAAMC SELECT RMB BOND FUND  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB	2014 RMB
Held for trading		
- debt securities	622,573,735	1,154,824,528
- collective investment scheme	<u>45,500,250</u>	<u>62,845,439</u>
Total financial assets at fair value through profit or loss	<u>668,073,985</u>	<u>1,217,669,967</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.

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 price recorded by the Trustee was based on the quote announced by the China Central Depository & Clearing Co. Ltd (the "CCDC"). The CCDC was the only available pricing source for investments issued within Mainland China and adjusted the daily closing price, where appropriate, based on the trading volume during the day and might not reflect the actual last traded price.

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

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31 December 2015

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

As at 31 December 2015, the Sub-Fund invested in debt securities and collective investment scheme and categories the investments within Level 2. No Level 1 and Level 3 investments were categorised by the Sub-Fund during the year.

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 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets held for trading:				
- Debt securities	-	622,573,735	-	622,573,735
- Collective investment scheme	-	45,500,250	-	45,500,250
	<u>-</u>	<u>668,073,985</u>	<u>-</u>	<u>668,073,985</u>

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value as at 31 December 2014.

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets held for trading:				
- Debt securities	-	1,154,824,528	-	1,154,824,528
- Collective investment scheme	-	62,845,439	-	62,845,439
	<u>-</u>	<u>1,217,669,967</u>	<u>-</u>	<u>1,217,669,967</u>

There are no investments classified within Level 1 and Level 3 and no transfers between levels for the year ended 31 December 2015 (2014: Nil).

A detailed portfolio listing is set out from pages 34 to 35.

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8. CASH AND CASH EQUIVALENTS

	2015 RMB	2014 RMB
Cash at banks	<u>37,454,336</u>	<u>19,627,443</u>

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

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 of 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.

10. 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.

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

**Market risk** (continued)

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 debt 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	% of net assets	Shift in underlying securities increase/ (decrease)	Estimated possible change in net asset value increase/ (decrease)
	RMB	%	%	RMB
31 December 2015				
Held-for-trading	668,073,985	93	1 (1)	6,680,740 (6,680,740)
31 December 2014				
Held-for-trading	1,217,669,967	93	1 (1)	12,176,700 (12,176,700)

Interest rate risk

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

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

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

The following table demonstrates the sensitivity of the Sub-Fund's profit or loss for the year to a reasonably possible change in interest rates.

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

**Market risk** (continued)

Interest rate risk (continued)

	Change in basis points	Sensitivity of interest income increase/(decrease) RMB	Sensitivity of Change in fair value of investments (decrease)/increase RMB
31 December 2015			
- Debt securities	+ 25	53,400	(5,025,282)
- Debt securities	- 25	(53,400)	5,025,282
31 December 2014			
- Debt securities	+ 25	49,928	(8,022,491)
- Debt securities	- 25	(49,928)	8,022,491

The Sub-Fund also has interest-bearing bank deposits. As the bank deposits have maturity dates within three months, the Manager considers the movement in interest rates will not have significant cash flow impact on the net assets attributable to unitholders for the year ended 31 December 2015 and therefore no sensitivity analysis on bank deposit is presented.

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 RMB, 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 PRC bond market, which is currently comprised of three markets: the interbank market, the exchange market and the book-entry market trading over-the-counter at commercial banks. The People's Bank of China oversees the interbank market and the over-the-counter market whereas the China Securities Regulatory Commission is responsible for supervising the exchange market in relation to bond transactions.

The RMB denominated bond market is at a developing stage and the market capitalisation and trading volume may be lower than those of the more developed markets. Market volatility and potential lack of liquidity due to low trading volume in the RMB denominated bond market may result in prices of bonds traded on such markets fluctuating significantly and may increase the volatility of the Sub-Fund's net asset value.

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

**Liquidity risk** (continued)

The price at which the fixed income securities are traded may be higher or lower than the initial subscription price due to many factors including the prevailing interest rates. Further, the bid and offer spreads of the price of fixed income securities in which the Sub-Fund invests may be large, and hence, the Sub-Fund may incur significant trading and realisation costs and losses may be suffered.

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.

31 December 2015

	On demand RMB'000	Within 1 month RMB'000	1 month to 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	-	668,074	-	668,074
Interest receivable	-	2,086	20,255	-	22,341
Deposit and other receivable	-	1	-	167	168
Cash and cash equivalents	<u>37,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,454</u>
<b>Total financial assets</b>	<u><b>37,454</b></u>	<u><b>2,087</b></u>	<u><b>688,329</b></u>	<u><b>167</b></u>	<u><b>728,037</b></u>
<u>Financial liabilities</u>					
Redemption payable	-	2,912	-	-	2,912
Management fee payable	-	771	-	-	771
Trustee fee payable	-	83	-	-	83
Other payables	-	296	-	-	296
Net assets attributable to unitholders*	<u>715,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>715,272</u>
<b>Total financial liabilities</b>	<u><b>715,272</b></u>	<u><b>4,062</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>719,334</b></u>

\* Subject to redemption terms of the Sub-Fund.

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

**Liquidity risk** (continued)

31 December 2014

	On demand RMB'000	Within 1 month RMB'000	1 month to 1 year RMB'000	1 to 5 years RMB'000	Total RMB'000
<u>Financial assets</u>					
Financial assets at fair value					
through profit or loss	-	-	1,217,670	-	1,217,670
Interest receivable	-	2,899	37,362	-	40,261
Other assets	-	-	-	300	300
Subscription receivable	-	52,184	-	-	52,184
Cash and cash equivalents	<u>19,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,627</u>
Total financial assets	<u>19,627</u>	<u>55,083</u>	<u>1,255,032</u>	<u>300</u>	<u>1,330,042</u>
<u>Financial liabilities</u>					
Redemption payable	-	12,641	-	-	12,641
Management fee payable	-	1,195	-	-	1,195
Trustee fee payable	-	140	-	-	140
Other payables	-	345	-	-	345
Net assets attributable to unitholders*	<u>1,308,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,308,183</u>
Total financial liabilities	<u>1,308,183</u>	<u>14,321</u>	<u>-</u>	<u>-</u>	<u>1,322,504</u>

\* Subject to redemption terms of the Sub-Fund

**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.

The Sub-Fund invested in PRC RMB fixed income securities issued by corporations that carry a credit rating grade of at least BBB-/Baa3 or equivalent assigned by one of the local rating agencies recognised by the relevant authorities in the PRC. If the issuer of any of the fixed interest securities in which the Sub-Fund's assets are invested defaults, the performance of the Sub-Fund will be adversely affected.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

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

***Credit and counterparty risk*** (continued)

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>	RMB	Credit rating	Source of credit rating
<u>Banks</u>			
Bank of China (Hong Kong) Limited	2,566,235	A	S&P
Bank of China Limited	34,888,101	A	S&P
<u>RQFII Local Custodian</u>			
Bank of China Limited	668,073,985	A	S&P
<u>31 December 2014</u>			
<u>Banks</u>			
Bank of China (Hong Kong) Limited	10,130,351	A	S&P
Bank of China Limited	9,497,092	A	S&P
<u>RQFII Local Custodian</u>			
Bank of China Limited	1,217,669,967	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. 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 year 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.

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 and Bank of China Limited, with interest income amounted to RMB237,699 (2014: RMB248,231). Further details of the balances held are described in notes 7 and 8 to the financial statements.

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12. 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.

For the year ended 31 December 2015, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts of the Sub-Fund.

13. EVENTS AFTER THE REPORTING PERIOD

During the period between the year end and the date of authorisation of these financial statements, total subsequent subscription and redemption of Class A units of the Sub-Fund were 364,711.31 units and 9,374,256.58 units respectively. In addition, total subsequent subscription and redemption of Class I units of the Sub-Fund were nil and 933,993.50 units respectively.

14. 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 RMB BOND FUND  
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INVESTMENT PORTFOLIO

31 December 2015

	Nominal Value/ Quantity (in RMB)	Fair Value (in RMB)	% of net asset
<b><u>Fixed Income securities</u></b>			
<b><u>China</u></b>			
BEIJING CONSTRUCTION ENGINEERING GROUP 5.95% A 05JUL2019	17,000,000	13,923,000	1.95%
BEIJING URBAN CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 6.8% A 28SEP2016	20,000,000	20,500,000	2.87%
CHANGSHA HIGH TECHNOLOGY DEVELOPMENT CORP 7.3% A 22NOV2017	7,000,000	5,215,000	0.73%
CHINA FORTUNE LAND DEVELOPMENT CO LTD 5.1% A 20OCT2022	890,000	895,340	0.13%
GUANGXI LAIBINSHI CONSTRUCTION DEVELOPMENT INVESTMENT CO LTD 8.36% A 14MAR2019	2,962,000	3,234,504	0.45%
GUIZHOU RAILWAY INVESTMENT CO LTD 7.2% A 27MAR2022	20,000,000	22,370,340	3.13%
HARBIN CITY PLANNING INVESTMENT GROUP CO LTD 7.08% A 12MAR2019	20,000,000	21,954,460	3.07%
JIANGXI WANNIANQING CEMENT CO LTD 7.05% A 18OCT2017	20,000,000	21,032,000	2.94%
JIUJIANG CITY CONSTRUCTION INVESTMENT CO LTD 7.1% A 18DEC2016	3,800,000	3,939,080	0.55%
KANGMEI PHARMACEUTICAL CO LTD 6% A 21JUN2018	5,000,000	5,285,000	0.74%
KUNMING IRON AND STEEL CO LTD 5.78% A 26APR2020	20,000,000	20,450,660	2.86%
LANZHOU CITY DEVELOPMENT INVESTMENT CO LTD 8.2% A 15DEC2018	40,000,000	37,624,000	5.26%
RUSHAN CITY STATE-OWNED ASSET OPERATION CO LTD 6.9% A 11SEP2020	21,000,000	21,840,000	3.05%
SAINTY MARINE CO LTD 6.6% A 18SEP2019	10,000,000	9,920,000	1.39%
SHANGHAI NANFANG GROUP CO LTD 6.7% A 09SEP2019	20,000,000	20,100,000	2.81%
TENGZHOU CITY STATE-OWNED ASSET OPERATION CO LTD 6.45% A 24MAY2018	10,000,000	8,333,130	1.16%
TIANJING HANBIN INVESTMENT CO LTD 8.39% A 22MAR2019	30,000,000	25,732,020	3.60%
WANXIANG QIANCHAO CO LTD 6% A 25APR2017	5,000,000	5,175,000	0.72%
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 6.5% A 08JUN2018	30,000,000	31,838,190	4.45%
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 7% A 08JUN2017	15,000,000	15,690,000	2.19%
WENZHOU ANJUFANG CITY DEVELOPMENT CO LTD 7.65% A 24APR2019	50,000,000	42,595,050	5.95%
WUZHOU URBAN RURAL CONSTRUCTION INVESTMENT DEVELOPMENT CO LTD 7.18% A 12OCT2020	20,000,000	21,486,400	3.00%
XIAMEN WATER GROUP CO LTD 4.87% A 13MAY2016	20,000,000	20,116,120	2.81%
XIANYANG CITY CONSTRUCTION INVESTMENT CO LTD 7.9% A 09DEC2017	10,000,000	7,400,000	1.03%
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	60,000,000	51,348,421	7.18%
YANAN CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 7.05% A 08FEB2017	30,000,000	31,162,290	4.36%
YANCHENG CITY URBAN ASSETS OPERATION CO LTD 6.8% A 16DEC2016	4,000,000	4,128,000	0.58%
YANZHOU COAL MINING CO LTD 6.19% A PERP	30,000,000	30,952,860	4.33%
YINGKOU PORT LIABILITY CO LTD 5.9% A 02MAR2018	5,000,000	5,240,000	0.73%
YUNTIANHUA GROUP CO LTD 5.4% A 22JAN2016	30,000,000	30,013,170	4.20%
ZHEJIANG GEELY HLDG GROUP CO LTD 5.9% A 24JAN2020	10,000,000	10,550,000	1.47%
ZHUHAI PORT 6.8% A 01MAR2019	30,000,000	31,169,700	4.36%
<i>Total of fixed income securities</i>		<u>601,213,735</u>	<u>84.05%</u>

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INVESTMENT PORTFOLIO (CONTINUED)

31 December 2015

	Nominal Value/ Quantity (in RMB)	Fair Value (in RMB)	% of net asset
<b><u>Floating Income securities</u></b>			
<b>China</b>			
CHUZHOU CITY CONSTRUCTION INVESTMENT CO LTD 1YR S+3.05% A 30NOV2021	20,000,000	<u>21,360,000</u>	<u>2.99%</u>
<i>Total of floating income securities</i>		<u>21,360,000</u>	<u>2.99%</u>
<b><u>Collective Investment Schemes</u></b>			
<b>China</b>			
CHINA AMC CASH INCOME FUND-A	45,499,550	45,499,550	6.36%
CHINA UNIVERSAL EXPRESS INCOME MONEY MARKET FUND- A	65,748	657	0.00%
GF XIANJINBAO IN-THE-COUNTER REAL-TIME REDEMPTION MONETARY MARKET FUND-A	4,306	<u>43</u>	<u>0.00%</u>
<i>Total of collective investment scheme</i>		<u>45,500,250</u>	<u>6.36%</u>
<b>Total listed/quoted investments (cost: RMB660,429,869)</b>		668,073,985	93.40%
<b>Other net assets</b>		<u>47,198,425</u>	<u>6.60%</u>
<b>Total net assets as at 31 December 2015</b>		<u><u>715,272,410</u></u>	<u><u>100.00%</u></u>

CHINAAMC SELECT RMB BOND FUND  
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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

31 December 2015

	As at 1 January 2015	Addition	Movement in holdings Bonus/Dividends	Disposal	As at 31 December 2015
<b>Fixed Income securities</b>					
China					
AISINO CO LTD CB 0.2% A 12JUN2021	-	116,000	-	(116,000)	-
ALXA LEAGUE INFRASTRUCTURE CONSTRUCTION INVESTMENT MANAGEMENT CO LTD 6.4% A 14MAR2020	53,000	-	-	(53,000)	-
BEIJING CONSTRUCTION ENGINEERING GROUP 5.95% A 05JUL2019	-	34,882,000	-	(17,882,000)	17,000,000
BEIJING DRAINAGE GROUP CO LTD 4.88% A 08AUG2015	-	20,000,000	-	(20,000,000)	-
BEIJING URBAN CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 6.8% A 28SEP2016	26,655,000	20,000,000	-	(26,655,000)	20,000,000
CHANGSHA HIGH TECHNOLOGY DEVELOPMENT CORP 7.3% A 22NOV2017	20,000,000	7,000,000	-	(20,000,000)	7,000,000
CHINA DEVELOPMENT BANK CORP 3.74% A 10SEP2025	-	50,000,000	-	(50,000,000)	-
CHINA FIRST HEAVY INDUSTRIES CO LTD 5.14% A 20DEC2016	1,601,000	-	-	(1,601,000)	-
CHINA FORTUNE LAND DEVELOPMENT CO LTD 5.1% A 20OCT2022	-	890,000	-	-	890,000
CHINA MINSHENG BANKING CORP LTD CB 0.6% A 15MAR2019 (CALLED)	-	65,000,000	-	(65,000,000)	-
CHINA RAILWAY MATERIALS CO LTD 5.49% A 14DEC2015	-	10,000,000	-	(10,000,000)	-
CHINA STATE GRID CORP 4.7% A 26MAY2015	30,000,000	-	-	(30,000,000)	-
CHINT GROUP CORP LTD 5.8% A 12DEC2015	20,000,000	-	-	(20,000,000)	-
CHONGQING IRON & STEEL CO LTD 6.2% A 09DEC2017	57,112,000	30,000,000	-	(87,112,000)	-
CHONGQING YUFU ASSET MANAGEMENT GROUP CO LTD 6.33% A 22FEB2018	5,570,000	-	-	(5,570,000)	-
DANYANG INVESTMENT GROUP CO LTD 8.1% A 06MAR2019	30,000,000	30,000,000	-	(60,000,000)	-
GANSU PROVINCIAL HIGHWAY AVIATION TOURISM INVESTMENT GROUP CO LTD 5.77% A 17JAN2015	30,000,000	-	-	(30,000,000)	-
GD POWER DEVELOPMENT CO LTD 4.85% A 29JAN2015	30,000,000	-	-	(30,000,000)	-
GUANGXI LAIBINSHI CONSTRUCION DEVELOPMENT INVESTMENT CO LTD 8.36% A 14MAR2019	887,000	2,075,000	-	-	2,962,000
GUIZHOU RAILWAY INVESTMENT CO LTD 7.2% A 27MAR2022	40,000,000	40,000,000	-	(60,000,000)	20,000,000
GUIZHOU RAILWAY INVESTMENT CO LTD 7.2% A 27MAR2022	-	31,000	-	(31,000)	-
HARBIN CITY PLANNING INVESTMENT GROUP CO LTD 7.08% A 12MAR2019	50,000,000	50,000,000	-	(80,000,000)	20,000,000
HENAN PROVINCE ZHENGZHOU NEW DISTRICT CONSTRUCTION INVESTMENT 8.1% A 14MAR2019	15,000,000	15,000,000	-	(30,000,000)	-
HUAINAN MINING INDUSTRY GROUP CO LTD 5.35% A 19DEC2015	-	30,000,000	-	(30,000,000)	-
JIANGSU BROADCASTING CABLE INFORMATION NETWORK CORP LTD 3.6% A 08JUN2016	-	30,000,000	-	(30,000,000)	-
JIANGSU WUJIN ECONOMIC DEVELOPMENT GROUP CO LTD 6.55% A 24FEB2018	12,155,000	10,000,000	-	(22,155,000)	-
JIANGXI WANNIANQING CEMENT CO LTD 7.05% A 18OCT2017	25,774,000	30,000,000	-	(35,774,000)	20,000,000
JILIN CITY CONSTRUCTION HLDG GROUP CO LTD 7.1% A 03MAR2018	-	1,180,000	-	(1,180,000)	-
JISHI MEDIA CO LTD CB 0.5% A 05SEP2020	-	2,000,000	-	(2,000,000)	-
JIUJIANG CITY CONSTRUCTION INVESTMENT CO LTD 7.1% A 18DEC2016	3,800,000	-	-	-	3,800,000
KANGMEI PHARMACEUTICAL CO LTD 6% A 21JUN2018	-	5,000,000	-	-	5,000,000

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (CONTINUED)

31 December 2015

	As at 1 January 2015	Addition	Movement in holdings Bonus/Dividends	Disposal	As at 31 December 2015
<b>Fixed Income securities</b>					
China					
KUNMING IRON AND STEEL CO LTD 5.78% A 26APR2020	20,000,000	20,000,000	-	(20,000,000)	20,000,000
KUNMING IRON AND STEEL HLDGS CO LTD 5.28% A 13OCT2015	-	10,000,000	-	(10,000,000)	-
LANZHOU CITY DEVELOPMENT INVESTMENT CO LTD 8.2% A 15DEC2018	64,965,000	40,000,000	-	(64,965,000)	40,000,000
LUXI CHEMICAL GROUP CO LTD 6.18% A 06JUL2018	25,000,000	35,000,000	-	(60,000,000)	-
RUSHAN CITY STATE-OWNED ASSET OPERATION CO LTD 6.9% A 11SEP2020	51,000,000	21,000,000	-	(51,000,000)	21,000,000
SAINTY MARINE CO LTD 6.6% A 18SEP2019	10,000,000	-	-	-	10,000,000
SHANGHAI BAOSTEEL GROUP CORP EB 1.5% A 10DEC2017	-	5,000,000	-	(5,000,000)	-
SHANGHAI BAOSTEEL PACKAGING CO LTD 4.75% A 20NOV2015	-	10,000,000	-	(10,000,000)	-
SHANGHAI ELECTRIC GROUP CO LTD CB 0.2% A 02FEB2021	-	35,000,000	-	(35,000,000)	-
SHANGHAI NANFANG GROUP CO LTD 6.7% A 09SEP2019	-	40,000,000	-	(20,000,000)	20,000,000
SHANGHAI YANGPU CITY CONSTRUCTION INVESTMENT GROUP CO LTD 4.95% A 28JUL2017	-	2,010,000	-	(2,010,000)	-
SHENYANG MACHINE TOOL GROUP CO LTD 5.8% A 05SEP2015	30,000,000	-	-	(30,000,000)	-
SHENZHEN CHIWAN WHARF HLDGS LTD 5.28% A 26APR2017	-	20,000,000	-	(20,000,000)	-
SHIJIAZHUANG GAOXIN TECHNOLOGY INDUSTRY DEVELOPMENT ZONE SME BOND 7.2% A 13DEC2018	6,000,000	-	-	(6,000,000)	-
SHOUGANG CORP 4.55% A 22APR2016	-	30,000,000	-	(30,000,000)	-
SICHUAN KELUN PHARMACEUTICAL CO LTD 5.6% A 05NOV2017	-	15,000,000	-	(15,000,000)	-
TAIYUAN HEAVY INDUSTRY CO 6.6% A 09APR2015	40,000,000	-	-	(40,000,000)	-
TASLY HOLDING GROUP CO LTD EB 1% A 08JUN2020	-	631,000	-	(631,000)	-
TENGZHOU CITY STATE-OWNED ASSET OPERATION CO LTD 6.45% A 24MAY2018	10,000,000	10,000,000	-	(10,000,000)	10,000,000
TIANJIN PIPE GROUP CORP 4.9% A 02JUN2016	-	30,000,000	-	(30,000,000)	-
TIANJING HANBIN INVESTMENT CO LTD 8.39% A 22MAR2019	30,000,000	30,000,000	-	(30,000,000)	30,000,000
TONGLING CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO 7.45% A 10MAR2015	4,260,000	-	-	(4,260,000)	-
UNITED INVESTMENT GROUP 6.3% A 18MAY2018	30,000,000	30,000,000	-	(60,000,000)	-
WANXIANG QIANCHAO CO LTD 6% A 25APR2017	40,571,700	32,000,000	-	(67,571,700)	5,000,000
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 6.5% A 08JUN2018	10,000,000	50,000,000	-	(30,000,000)	30,000,000
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 7% A 08JUN2017	15,000,000	15,000,000	-	(15,000,000)	15,000,000
WENZHOU ANJUFANG CITY DEVELOPMENT CO LTD 7.65% A 24APR2019	50,000,000	50,000,000	-	(50,000,000)	50,000,000
WUZHOU URBAN RURAL CONSTRUCTION INVESTMENT DEVELOPMENT CO LTD 7.18% A 12OCT2020	20,000,000	20,000,000	-	(20,000,000)	20,000,000
XIAMEN WATER GROUP CO LTD 4.87% A 13MAY2016	20,000,000	20,000,000	-	(20,000,000)	20,000,000
XIANYANG CITY CONSTRUCTION INVESTMENT CO LTD 7.9% A 09DEC2017	14,000,000	10,000,000	-	(14,000,000)	10,000,000
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	60,000,000	60,000,000	-	(60,000,000)	60,000,000
YANAN CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 7.05% A 08FEB2017	30,000,000	30,000,000	-	(30,000,000)	30,000,000
YANCHENG CITY URBAN ASSETS OPERATION CO LTD 6.8% A 16DEC2016	4,000,000	4,000,000	-	(4,000,000)	4,000,000

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (CONTINUED)

31 December 2015

	As at 1 January 2015	Addition	Movement in holdings Bonus/Dividends	Disposal	As at 31 December 2015
<b><u>Fixed Income securities</u></b>					
China					
YANGLING MODERN AGRICULTURE DEVELOPMENT CO LTD 7.6% A 23MAY2019	58,984,000	28,000,000	-	(86,984,000)	-
YANKUANG GROUP CO LTD 5.35% A 25SEP2015	-	10,000,000	-	(10,000,000)	-
YANZHOU COAL MINING CO LTD 6.19% A PERP	-	30,000,000	-	-	30,000,000
YINGKOU PORT LIABILITY CO LTD 5.9% A 02MAR2018	-	5,000,000	-	-	5,000,000
YUNNAN COAL CHEMICAL INDUSTRY GROUP CO LTD 4.61% A 18AUG2015	10,000,000	-	-	(10,000,000)	-
YUNTIANHUA GROUP CO LTD 5.4% A 22JAN2016	-	30,000,000	-	-	30,000,000
ZHEJIANG CHINT ELECTRICS CO LTD 6.05% A 20JUL2016	-	34,928,000	-	(34,928,000)	-
ZHEJIANG DALI TECHNOLOGY CO LTD 6.19% A 15MAY2016	15,000,000	15,000,000	-	(30,000,000)	-
ZHEJIANG GEELY HLDG GROUP CO LTD 4.7% A 19APR2016	20,000,000	20,000,000	-	(40,000,000)	-
ZHEJIANG GEELY HLDG GROUP CO LTD 5.9% A 24JAN2020	5,000,000	9,044,000	-	(4,044,000)	10,000,000
ZHUHAI HUIHUA INFRASTRUCTURE INVESTMENT CO LTD 7.15% A 17SEP2020	20,000,000	20,000,000	-	(40,000,000)	-
ZHUHAI PORT 6.8% A 01MAR2019	-	32,029,000	-	(2,029,000)	30,000,000
<i>Total of fixed income securities</i>	1,112,387,700	1,391,992,400	-	(1,887,728,100)	616,652,000
<b><u>Floating Income securities</u></b>					
China					
CHONGQING CHEMICAL & PHARMACEUTICAL HLDG GROUP CO 1 YR CNDR+2.05% A 11FEB2015	20,000,000	-	-	(20,000,000)	-
CHUZHOU CITY CONSTRUCTION INVESTMENT CO LTD 1YR S+3.05% A 30NOV2021	-	44,287,000	-	(24,287,000)	20,000,000
<i>Total of floating income securities</i>	20,000,000	44,287,000	-	(44,287,000)	20,000,000
<b><u>Collective Investment Schemes</u></b>					
China					
CHINA AMC ANKANG CREDIT PREFERRED BOND FUND	5,423,839	16,201,926	-	(21,625,765)	-
CHINA AMC CASH INCOME FUND-A	-	175,499,550	-	(130,000,000)	45,499,550
CHINA UNIVERSAL EXPRESS INCOME MONEY MARKET FUND- A	-	65,018	730	-	65,748
CHINA UNIVERSAL EXPRESS INCOME MONEY MARKET FUND- B	5,622,058,177	8,000,000,000	56,332,677	(13,678,390,854)	-
GF XIANJINBAO IN-THE-COUNTER REAL-TIME REDEMPTION MONETARY MARKET FUND-A	59,354,844	1	1,076,340	(60,426,879)	4,306
<i>Total of collective investment scheme</i>	5,686,836,860	8,191,766,495	57,409,747	(13,890,443,498)	45,569,604
<b>Total investment portfolio</b>	<b>6,819,224,560</b>	<b>9,628,045,895</b>	<b>57,409,747</b>	<b>(15,822,458,598)</b>	<b>682,221,604</b>

CHINAAMC SELECT RMB BOND FUND  
(a sub-fund of ChinaAMC Select Fund)

PERFORMANCE TABLE

Net asset value attributable to unitholders  
(Calculated in accordance with the Trust Deed)

		Net asset value per unit	Net asset value
As at 31 December 2015			
- Class-A RMB	RMB	10.59	516,417,008
- Class-I-DIST-RMB	RMB	10.54	18,024,480
- Class-I-ACC-USD	USD	10.56	26,764,901
- Class-A-DIST-USD	USD	9.79	154,066,021
As at 31 December 2014			
- Class-A RMB	RMB	10.33	765,013,132
- Class-I-DIST-RMB	RMB	10.23	122,251,052
- Class-I-ACC-USD	USD	10.39	298,424,068
- Class-A-DIST-USD	USD	10.10	122,494,974
As at 31 December 2013			
- Class-A RMB	RMB	9.97	1,447,166,147

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

		Highest issue price per unit		Lowest redemption price per unit
Year ended 31 December 2015				
- Class-A RMB	RMB	10.63	RMB	10.34
- Class-I-DIST-RMB	RMB	10.57	RMB	10.24
- Class-I-ACC-USD	USD	10.85	USD	10.31
- Class-A-DIST-USD	USD	10.36	USD	9.74
- Class-I-ACC-RMB	RMB	10.79	RMB	10.34
Year ended 31 December 2014				
- Class-A RMB	RMB	10.71	RMB	9.95
- Class-I-DIST-RMB	RMB	10.59	RMB	10.00
- Class-I-ACC-USD	USD	10.63	USD	10.00
- Class-A-DIST-USD	USD	10.55	USD	9.99
- Class-I-ACC-RMB	RMB	10.38	RMB	9.99
Year ended 31 December 2013				
- Class A RMB	RMB	10.56	RMB	9.95
Period from 21 February 2012 (date of inception) to 31 December 2012				
- Class A RMB	RMB	10.36	RMB	9.99

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

