

ChinaAMC Select Fund

ChinaAMC Select RMB Bond Fund

Annual Report

For the year ended 31 December 2016



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 2016

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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. Gan Tian

LEGAL ADVISER TO THE MANAGER

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TRUSTEE, ADMINISTRATOR AND REGISTRAR

BOCI-Prudential Trustee Limited
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Causeway Bay, Hong Kong

AUDITOR

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22/F, CITIC Tower
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Central, Hong Kong

CUSTODIAN

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Bank of China Limited
1 Fuxingmen Nei Dajie
Beijing
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CHINAAMC SELECT RMB BOND FUND
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REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

ChinaAMC Select RMB Bond Fund (the "Sub-Fund") is a sub-fund of ChinaAMC Select Fund, an umbrella unit trust established under the laws of Hong Kong pursuant to the trust deed dated 12 January 2012, as amended or supplemented from time to time. Through the Renminbi Qualified Foreign Institutional Investor quota obtained by the Manager, China Asset Management (Hong Kong) Limited, the Sub-Fund seeks to achieve capital appreciation and income generation by principally (i.e. up to 100% of its net assets) investing in (i) Renminbi ("RMB") denominated fixed income instruments, including bonds, issued or distributed within the People's Republic of China ("PRC") which (a) are denominated and settled in RMB and (b) are traded on the interbank bond market or are traded or transferred on the exchange market in the PRC, and (ii) fixed income funds (including money market funds) approved by the China Securities Regulatory Commission and offered to the public in the PRC.

Market Review and Fund Performance

After a series of weak economic data being recorded in the first quarter, the Chinese economy improved gently in the second quarter. It was finally on the road to steady recovery in the second half of the year where economic data beat market expectations a few times. Bond market sentiment was not particularly supportive amid the strong economic environment, especially in the fourth quarter. That being said, numerous uncertainties such as RMB exchange rate, capital outflow, tax burden and potential trade war had arisen before year end as Trump was elected as the next United States ("US") president. How much and how fast Trump can deliver his campaign promises will influence not only the economy and policies of the US, but also that of China.

Our conservative approach in credits selection and duration management were proved to be successful again in 2016. As of the end of December 2016, Class A RMB of the Sub-Fund posted a 1-year return of 1.36%¹.

Market Outlook and Investment Strategy

China bond market is likely to be range-trade next year, the current economic fundamentals are not strong enough for significant pullbacks in the market. We believe next year's Chinese economy may not be as strong as this year's, mainly because stimulative policies which brought about the strong economic data in the second and third quarters of this year are likely to be restricted next year. In terms of liquidity, People's Bank of China may tend to keep liquidity loose and may not restrict the amount of capital, but the cost of market capital and borrowing may be lifted and stricter leverage regulations may be imposed. On the other hand, we expect RMB may turn weaker against US Dollar but may remain stable against a basket of currencies. Furthermore, overseas uncertainties brought by Trump and elections in different major European countries to China bond market should not be overlooked nor underestimated.

China Asset Management (Hong Kong) Limited
24 April 2017

¹ NAV-to-NAV performance with dividends reinvested; the investment returns are denominated in RMB. US/HK dollar based investors are therefore exposed to fluctuations in the US/HK dollar/RMB exchange rate. Past performance figures shown are not indicative of the future performance of the sub-fund.

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

We hereby confirm that, in our opinion, the Manager, China Asset Management (Hong Kong) Limited, has, in all material respects, managed ChinaAMC Select RMB Bond Fund (a sub-fund of ChinaAMC Select Fund) for the year ended 31 December 2016 in accordance with the provisions of the trust deed dated 12 January 2012, as amended or supplemented from time to time.

On behalf of
BOCI-Prudential Trustee Limited, the Trustee

24 April 2017

Independent auditor's 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)

Opinion

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 7 to 35, which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income, the statement of changes in net assets attributable to unitholders, the statement of cash flows and the statement of distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Sub-Fund as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sub-Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information included in the Annual Report

The Trustee and the Manager are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report (continued)

To the Trustee and Manager of
ChinaAMC Select RMB Bond Fund
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Responsibilities of the Trustee and the Manager for the financial statements

The Trustee and the Manager are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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, as amended or supplemented from time to time (the "Trust Deed") and the relevant disclosure provisions 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.

In preparing the financial statements, the Trustee and the Manager are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. We are also required to assess, whether the financial statements have been properly prepared, in all material aspects, in accordance with the relevant disclosure provisions of the Trust Deed, its supplemental deeds and the relevant disclosure provisions specified in Appendix E to the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report (continued)

To the Trustee and Manager of
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Auditor's responsibilities for the audit of the financial statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee and the Manager.
- Conclude on the appropriateness of the Trustee's and the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee and the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on matters under the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E to the SFC Code.

Certified Public Accountants
Hong Kong
24 April 2017

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

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Notes	2016 RMB	2015 RMB
INCOME			
Dividend income		1,062,533	665,819
Interest income on financial assets at fair value through profit or loss		30,498,224	68,305,313
Interest income on bank deposits and deposit reserve		<u>160,924</u>	<u>242,110</u>
		<u>31,721,681</u>	<u>69,213,242</u>
EXPENSES			
Management fee	4	(6,435,306)	(12,950,090)
Trustee fee	4	(688,767)	(1,528,560)
Custodian fee	4	(378,516)	(811,168)
Auditor's remuneration		(127,649)	(233,471)
Preliminary expenses		-	(123,174)
Brokerage fees and other transaction costs		(243,165)	(607,462)
Other expenses		<u>(295,545)</u>	<u>(1,106,167)</u>
		<u>(8,168,948)</u>	<u>(17,360,092)</u>
FINANCE COSTS			
Distribution to unitholders			
- Class A RMB	6	(14,854,325)	(25,653,380)
- Class I-DIST-RMB	6	(249,252)	(6,921,485)
- Class A-DIST-USD	6	<u>(3,604,672)</u>	<u>(6,974,656)</u>
		<u>(18,708,249)</u>	<u>(39,549,521)</u>
PROFIT BEFORE INVESTMENT AND EXCHANGE DIFFERENCES			
		4,844,484	12,303,629
INVESTMENT (LOSSES)/GAINS AND EXCHANGE DIFFERENCES			
Net (loss)/gain on financial assets at fair value through profit or loss		(12,148,606)	21,413,965
Net foreign exchange (losses)/gains		<u>(672,439)</u>	<u>2,350,951</u>
NET INVESTMENTS AND EXCHANGE (LOSSES)/GAINS			
		(12,821,045)	23,764,916
(LOSS)/PROFIT BEFORE TAX			
		<u>(7,976,561)</u>	<u>36,068,545</u>
Withholding taxes	5	<u>968,293</u>	<u>1,389,872</u>
(DECREASE)/INCREASE IN NET ASSET ATTRIBUTABLE TO UNITHOLDERS			
		<u>(7,008,268)</u>	<u>37,458,417</u>

CHINAAMC SELECT RMB BOND FUND
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STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 RMB	2015 RMB
ASSETS			
Financial assets at fair value through profit or loss	7	331,887,035	668,073,985
Interest receivable		10,802,450	22,341,292
Deposits and other receivable		17,395	167,795
Cash and cash equivalents	8	<u>16,170,138</u>	<u>37,454,336</u>
TOTAL ASSETS		<u>358,877,018</u>	<u>728,037,408</u>
LIABILITIES			
Redemption payable		1,566,873	2,911,692
Management fee payable	4	388,432	771,388
Trustee fee payable	4	42,415	82,832
Other payables		270,926	295,889
Tax payable		5,044,716	6,053,361
Distributions payable to unitholders		<u>1,274,549</u>	<u>2,649,836</u>
TOTAL LIABILITIES		<u>8,587,911</u>	<u>12,764,998</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u>350,289,107</u>	<u>715,272,410</u>
NUMBER OF UNITS IN ISSUE			
- Class A RMB		27,194,604.59	48,726,156.31
- Class I-DIST-RMB		-	1,709,695.17
- Class I-ACC-USD		160,944.19	385,634.43
- Class A-DIST-USD		<u>890,639.90</u>	<u>2,393,134.98</u>
NET ASSET VALUE PER UNIT			
- Class A RMB		RMB 10.39	RMB 10.59
- Class I-DIST-RMB		-	RMB 10.54
- Class I-ACC-USD		USD 10.19	USD 10.56
- Class A-DIST-USD		<u>USD 9.05</u>	<u>USD 9.79</u>

CHINAAMC SELECT RMB BOND FUND
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2016

	Number of Units	RMB
At 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 and 1 January 2016	53,214,620.89	715,272,410
Subscription of units		
- Class-A RMB	1,533,060.92	16,232,222
- Class-A-DIST-USD	<u>9,530.07</u>	<u>611,978</u>
	1,542,590.99	16,844,200
Redemption of units		
- Class-A RMB	(23,064,612.64)	(243,974,663)
- Class-I-DIST-RMB	(1,709,695.17)	(18,052,752)
- Class-I-ACC-USD	(224,690.24)	(15,732,424)
- Class-A-DIST-USD	<u>(1,512,025.15)</u>	<u>(97,059,396)</u>
	(26,511,023.20)	(374,819,235)
Decrease in net assets attributable to unitholders		(7,008,268)
At 31 December 2016	<u>28,246,188.68</u>	<u>350,289,107</u>

CHINAAMC SELECT RMB BOND FUND
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STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 RMB	2015 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(7,976,561)	36,068,545
Adjustments for:			
Net loss/(gain) on financial assets at fair value through profit or loss		12,148,606	(21,413,965)
Dividend to unitholders		18,708,249	39,549,521
Purchase of financial assets at fair value through profit or loss		(592,714,190)	(1,765,074,631)
Proceeds from sale of financial assets at fair value through profit or loss		916,752,534	2,336,084,578
Decrease in interest receivable		11,538,842	17,919,213
Decrease in deposits and other receivable		150,400	255,819
Decrease in management fee payable		(382,956)	(423,939)
Decrease in trustee fee payable		(40,417)	(57,596)
Decrease in other payables		(24,963)	(48,928)
Cash generated from operations		358,159,544	642,858,617
Tax paid		(40,352)	(218,190)
Net cash flows generated from operating activities		<u>358,119,192</u>	<u>642,640,427</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		16,844,200	720,853,069
Payments for redemption of units		(376,164,054)	(1,308,766,918)
Distribution to unitholders		(20,083,536)	(36,899,685)
Net cash flows used in from financing activities		<u>(379,403,390)</u>	<u>(624,813,534)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(21,284,198)</u>	<u>17,826,893</u>
Cash and cash equivalents at beginning of year		<u>37,454,336</u>	<u>19,627,443</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u><u>16,170,138</u></u>	<u><u>37,454,336</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash at banks	8	<u><u>16,170,138</u></u>	<u><u>37,454,336</u></u>
Net cash used in operating activities includes:			
Dividend received		1,062,533	665,819
Interest income on bank deposits and deposit reserve		160,924	242,110

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

STATEMENT OF DISTRIBUTION

Year ended 31 December 2016

	Note	RMB
Undistributed income at 1 December 2015		-
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR YEAR ENDED 31 DECEMBER 2015		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		
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		

CHINAAMC SELECT RMB BOND FUND
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STATEMENT OF DISTRIBUTION (continued)

Year ended 31 December 2016

	Note	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 to undistributed net distributable income reserve		(43,521,704)
Undistributed income at 31 December 2015		<u>-</u>
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR YEAR ENDED 31 DECEMBER 2016		(7,008,268)
Add: - finance costs – distribution to unitholders		18,708,249
- Net change in unrealised gain on financial assets at fair value through profit or loss		(11,763,968)
Undistributed income before distribution for the year		(63,987)
Distribution on 3 February 2016 (Record date: 27 January 2016)	6	(1,803,409)
- 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 March 2016 (Record date: 25 February 2016)	6	(1,689,876)
- 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 April 2016 (Record date: 29 March 2016)	6	(2,147,601)
- 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		

CHINAAMC SELECT RMB BOND FUND
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STATEMENT OF DISTRIBUTION (continued)

Year ended 31 December 2016

	Note	RMB
Distribution on 5 May 2016 (Record date: 27 April 2016)	6	(1,572,311)
- 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 2016 (Record date: 27 May 2016)	6	(1,486,538)
- 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 2016 (Record date: 28 June 2016)	6	(1,819,261)
- RMB0.04 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.04 per unit for Class I-DIST-RMB		
Distribution on 3 August 2016 (Record date: 27 July 2016)	6	(1,407,612)
- 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 5 September 2016 (Record date: 29 August 2016)	6	(1,389,843)
- 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 13 October 2016 (Record date: 28 September 2016)	6	(1,726,679)
- RMB0.04 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
- RMB0.04 per unit for Class I-DIST-RMB		
Distribution on 3 November 2016 (Record date: 27 October 2016)	6	(1,279,254)
- 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 5 December 2016 (Record date: 28 November 2016)	6	(1,111,222)
- RMB0.03 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 January 2017 (Record date: 28 December 2016)	6	(1,274,643)
- RMB0.04 per unit for Class A RMB		
- USD0.03 per unit for Class A-DIST-USD		
Transfer from undistributed net distributable income reserve		<u>18,772,236</u>
Undistributed income at 31 December 2016		<u><u>-</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

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1. THE SUB-FUND

ChinaAMC Select Fund (the "Trust") was constituted as an open-ended unit trust established as an umbrella fund under the laws of Hong Kong pursuant to a trust deed dated 12 January 2012, as amended or supplemented from time to time (the "Trust Deed").

ChinaAMC Select 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 2016, there are four other sub-funds established under the Trust and the inception dates are as follow:

	Inception date
ChinaAMC Select RMB Short-Term Bond Fund	27 February 2014
ChinaAMC Select China New Economy Fund	27 May 2015
ChinaAMC Select Hong Kong China Opportunities Fund	9 March 2016
ChinaAMC Select Asia Bond Fund	30 September 2016

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. up to 100% 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.

NOTES TO THE FINANCIAL STATEMENTS

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Sub-Fund has adopted the following revised IFRSs for the first time for the current year's financial statements, which are applicable to the Sub-Fund.

Amendments to IAS 1	<i>Disclosure Initiative</i>
Annual Improvements	<i>Amendments to a number of IFRSs</i>
2012-2014 Cycle	

The nature and the impact of the amendments are described below:

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in IAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss and other comprehensive income. The amendments have no significant impact on the Sub-Fund's financial statements.

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 2016, 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> ²
IFRS 15	<i>Revenue from Contracts with Customer</i> ²
Amendments to IAS 7	<i>Disclosure Initiative</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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

IFRS 15 was issued in May 2014 and establishes a five-step model to account for 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 new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Sub-Fund.

The Sub-Fund is currently assessing the impact of IFRS 9, IFRS 15 and amendments to IAS 7, and plans to adopt the new standards on the required effective date.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(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 on 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.

(iv) 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 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) Derecognition (continued)

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

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 at bank.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND CHANGE IN ACCOUNTING ESTIMATES

The preparation of the Sub-Fund's financial statements requires the Manager to make judgements, 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 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND CHANGE IN ACCOUNTING ESTIMATES
(continued)

Taxation

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

According to Circular Caishui [2016] 36 ("Circular 36"), interest income received from investment in non-government bonds is subject to PRC Value-Added Tax ("VAT") at 6% from 1 May 2016 onwards. If the investors are non-PRC residents, the PRC VAT should technically be withheld by PRC bond issuers, unless the PRC authorities would clarify otherwise. Circular 36 does not mention whether asset management products should be subject to VAT. Then Circular Caishui [2016] 140 ("Circular 140") is issued to stipulate that asset managers are the VAT payers with respect to taxable income derived by asset management products since 1 May 2016. Shortly after, Circular Caishui [2017] 2 is issued to clarify that PRC VAT is only applicable to the taxable income derived by asset management products on or after 1 July 2017. The State Administration of Taxation is working on the implementation rule for the VAT collection in relation to asset management products.

There lacks clarification under the above circulars on whether PRC VAT shall apply to non-government bond interest received by offshore asset management products on or after 1 May 2016 or 1 July 2017. Where there is PRC VAT payable, local surcharges shall be imposed at the rate up to 13% of VAT payable. Currently, in practice, PRC bond issuers have not withheld PRC VAT and local surcharges when paying non-government bond interest to offshore asset management products.

Given the uncertainties, no provision has been made as at the end of the reporting period. The potential PRC VAT and local surcharges have been quantified as approximately RMB22,374 on any non-government bond interest received by the Sub-Fund on or after 1 May 2016.

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 2016 was RMB6,435,306 (2015: RMB12,950,090). As at 31 December 2016, management fee of RMB388,432 (2015: RMB771,388) was payable to the Manager.

Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, at current rates ranging from 0.09% to 0.14% (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 2016 was RMB688,767 (2015: RMB1,528,560). As at 31 December 2016, trustee fee of RMB42,415 (2015: RMB82,832) was payable to the Trustee.

CHINAAMC SELECT RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

4. FEES (continued)

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 2016 were RMB378,516 (2015: RMB811,168).

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).

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 2016 was RMB968,293 (2015: RMB1,389,872).

6. DISTRIBUTION

With effect from 11 May 2014, 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>	2016 RMB	2015 RMB
Distribution paid on 3 February 2016 (Record date: 27 January 2016) 2016: RMB 0.03 per unit (2015: RMB0.06 per unit)	1,343,268	4,284,862
Distribution paid on 3 March 2016 (Record date: 25 February 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	1,305,211	2,074,550
Distribution paid on 6 April 2016 (Record date: 29 March 2016) 2016: RMB 0.04 per unit (2015: RMB0.04 per unit)	1,665,308	2,649,106
Distribution paid on 5 May 2016 (Record date: 27 April 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	1,211,378	1,876,558

CHINAAMC SELECT RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

6. DISTRIBUTION (continued)

<u>Class A RMB</u> (continued)	2016 RMB	2015 RMB
Distribution paid on 3 June 2016 (Record date: 27 May 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	1,153,478	1,833,243
Distribution paid on 6 July 2016 (Record date: 28 June 2016) 2016: RMB 0.04 per unit (2015: RMB0.04 per unit)	1,508,958	2,449,628
Distribution paid on 3 August 2016 (Record date: 27 July 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	1,118,012	1,793,752
Distribution paid on 5 September 2016 (Record date: 29 August 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	1,106,478	1,717,068
Distribution paid on 13 October 2016 (Record date: 28 September 2016) 2016: RMB 0.04 per unit (2015: RMB0.04 per unit)	1,454,758	2,045,592
Distribution paid on 3 November 2016 (Record date: 27 October 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	1,022,516	1,499,382
Distribution paid on 5 December 2016 (Record date: 28 November 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	876,641	1,477,126
Distribution paid on 5 January 2017 (Record date: 28 December 2016) 2016: RMB 0.04 per unit (2015: RMB0.04 per unit)	1,088,319	1,952,513
	<u>14,854,325</u>	<u>25,653,380</u>

<u>Class I-DIST-RMB</u>	2016 RMB	2015 RMB
Distribution paid on 3 February 2016 (Record date: 27 January 2016) 2016: RMB 0.03 per unit (2015: RMB0.06 per unit)	28,589	978,274
Distribution paid on 3 March 2016 (Record date: 25 February 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	25,888	576,516

CHINAAMC SELECT RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

6. DISTRIBUTION (continued)

<u>Class I-DIST-RMB</u> (continued)	2016 RMB	2015 RMB
Distribution paid on 6 April 2016 (Record date: 29 March 2016) 2016: RMB 0.04 per unit (2015: RMB0.04 per unit)	34,518	417,940
Distribution paid on 5 May 2016 (Record date: 27 April 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	24,988	308,355
Distribution paid on 3 June 2016 (Record date: 27 May 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	24,989	464,929
Distribution paid on 6 July 2016 (Record date: 28 June 2016) 2016: RMB 0.04 per unit (2015: RMB0.04 per unit)	33,319	817,986
Distribution paid on 3 August 2016 (Record date: 27 July 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	21,718	725,119
Distribution paid on 5 September 2016 (Record date: 29 August 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	21,718	635,902
Distribution paid on 13 October 2016 (Record date: 28 September 2016) 2016: RMB 0.04 per unit (2015: RMB0.04 per unit)	19,157	842,670
Distribution paid on 3 November 2016 (Record date: 27 October 2016) 2016: RMB 0.03 per unit (2015: RMB0.03 per unit)	14,368	617,703
Distribution paid on 5 December 2016 (Record date: 28 November 2016) 2016: Nil (2015: RMB0.03 per unit)	-	467,703
Distribution paid on 5 January 2017 (Record date: 28 December 2016) 2016: Nil (2015: RMB0.04 per unit)	-	68,388
	<u>249,252</u>	<u>6,921,485</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

6.	DISTRIBUTION (continued)		
	<u>Class A-DIST-USD</u>	2016 RMB	2015 RMB
	Distribution paid on 3 February 2016 (Record date: 27 January 2016) 2016: USD 0.03 per unit (2015: USD0.06 per unit)	431,552	753,333
	Distribution paid on 3 March 2016 (Record date: 25 February 2016) 2016: USD 0.03 per unit (2015: USD0.03 per unit)	358,777	437,157
	Distribution paid on 6 April 2016 (Record date: 29 March 2016) 2016: USD 0.04 per unit (2015: USD0.04 per unit)	447,775	613,783
	Distribution paid on 5 May 2016 (Record date: 27 April 2016) 2016: USD 0.03 per unit (2015: USD0.03 per unit)	335,945	459,810
	Distribution paid on 3 June 2016 (Record date: 27 May 2016) 2016: USD 0.03 per unit (2015: USD0.03 per unit)	308,071	574,383
	Distribution paid on 6 July 2016 (Record date: 28 June 2016) 2016: USD 0.03 per unit (2015: USD0.04 per unit)	276,984	809,156
	Distribution paid on 3 August 2016 (Record date: 27 July 2016) 2016: USD 0.03 per unit (2015: USD0.03 per unit)	267,882	631,302
	Distribution paid on 5 September 2016 (Record date: 29 August 2016) 2016: USD 0.03 per unit (2015: USD0.03 per unit)	261,647	492,264
	Distribution paid on 13 October 2016 (Record date: 28 September 2016) 2016: USD 0.03 per unit (2015: USD0.04 per unit)	252,764	642,569
	Distribution paid on 3 November 2016 (Record date: 27 October 2016) 2016: USD 0.03 per unit (2015: USD0.03 per unit)	242,370	467,673
	Distribution paid on 5 December 2016 (Record date: 28 November 2016) 2016: USD 0.03 per unit (2015: USD0.03 per unit)	234,581	464,368
	Distribution paid on 5 January 2017 (Record date: 28 December 2016) 2016: USD 0.03 per unit (2015: USD0.04 per unit)	186,324	628,858
		<u>3,604,672</u>	<u>6,974,656</u>

CHINAAMC SELECT RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 RMB	2015 RMB
Held for trading		
- debt securities	311,462,215	622,573,735
- collective investment scheme	<u>20,424,820</u>	<u>45,500,250</u>
Total financial assets at fair value through profit or loss	<u>331,887,035</u>	<u>668,073,985</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

CHINAAMC SELECT RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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

As at 31 December 2016, 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 judgement 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 2016.

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets held for trading:				
- Debt securities	-	311,462,215	-	311,462,215
- Collective investment scheme	-	20,424,820	-	20,424,820
	-	331,887,035	-	331,887,035

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
	-	668,073,985	-	668,073,985

There are no investments classified within Level 1 and Level 3 and no transfers between levels for the year ended 31 December 2016 (2015: Nil).

A detailed portfolio listing is set out on pages 36 to 37.

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NOTES TO THE FINANCIAL STATEMENTS

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8. CASH AND CASH EQUIVALENTS

	2016 RMB	2015 RMB
Cash at banks	<u>16,170,138</u>	<u>37,454,336</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. The bank balance comprises savings and current account with bank at market interest rates. The bank balance is 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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 2016. 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 RMB	% of net assets %	Shift in underlying securities increase/ (decrease) %	Estimated possible change in net asset value increase/ (decrease) RMB
31 December 2016				
Held-for-trading	331,887,035	95	1 (1)	3,318,870 (3,318,870)
31 December 2015				
Held-for-trading	668,073,985	93	1 (1)	6,680,740 (6,680,740)

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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 2016			
- Debt securities	+ 25	753,560	(1,907,189)
- Debt securities	- 25	(753,560)	1,907,189
31 December 2015			
- Debt securities	+ 25	53,400	(5,025,282)
- Debt securities	- 25	(53,400)	5,025,282

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 2016 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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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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 2016

	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	-	-	331,887	-	331,887
Interest receivable	-	-	10,803	-	10,803
Deposit and other receivable	-	3	14	-	17
Cash and cash equivalents	16,170	-	-	-	16,170
Total financial assets	16,170	3	342,704	-	358,877
<u>Financial liabilities</u>					
Redemption payable	-	1,567	-	-	1,567
Management fee payable	-	388	-	-	388
Trustee fee payable	-	42	-	-	42
Other payables	-	271	-	-	271
Distributions payable					
to unitholders	-	1,275	-	-	1,275
Net assets attributable					
to unitholders*	350,289	-	-	-	350,289
Total financial liabilities	350,289	3,543	-	-	353,832

* Subject to redemption terms of the Sub-Fund.

CHINAAMC SELECT RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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

Liquidity risk (continued)

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	37,454	-	-	-	37,454
Total financial assets	37,454	2,087	688,329	167	728,037
<u>Financial liabilities</u>					
Redemption payable	-	2,912	-	-	2,912
Management fee payable	-	771	-	-	771
Trustee fee payable	-	83	-	-	83
Other payables	-	296	-	-	296
Distributions payable					
to unitholders	-	2,650	-	-	2,650
Net assets attributable					
to unitholders*	715,272	-	-	-	715,272
Total financial liabilities	715,272	6,712	-	-	721,984

* 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 2016

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 2016</u>	RMB	Credit rating	Source of credit rating
<u>Banks</u>			
Bank of China (Hong Kong) Limited	217,682	A	S&P
Bank of China Limited	15,952,456	A	S&P
<u>RQFII Local Custodian</u>			
Bank of China Limited	331,887,035	A	S&P
 <u>31 December 2015</u>			
<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

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 RMB159,954 (2015: RMB237,699). Further details of the balances held are described in notes 7 and 8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

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 2016, 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 218,885.53 units and 2,568,728.01 units respectively. In addition, no subsequent subscription or redemption of Class I units of the Sub-Fund was noted.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 24 April 2017.

CHINAAMC SELECT RMB BOND FUND
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INVESTMENT PORTFOLIO

31 December 2016

	Nominal Value/ Quantity (in RMB)	Fair Value (in RMB)	% of net asset
<u>Listed Fixed Income Securities</u>			
China			
BEIJING CONSTRUCTION ENGINEERING GROUP 5.95% A 05JUL2019	14,000,000	8,540,000	2.44%
CHANGSHA HIGH TECHNOLOGY DEVELOPMENT CORP 7.3% A 22NOV2017	6,997,000	3,043,695	0.87%
JIANGXI WANNIANQING CEMENT CO LTD 6.85% A 12SEP2019	10,000,000	10,796,000	3.08%
JIANGXI WANNIANQING CEMENT CO LTD 7.05% A 18OCT2017	10,000,000	10,190,000	2.91%
KANGMEI PHARMACEUTICAL CO LTD 6% A 21JUN2018	5,000,000	5,126,500	1.46%
KUNMING IRON AND STEEL HLDGS CO LTD 5.78% A 26APR2020	20,000,000	19,796,000	5.65%
LANZHOU CITY DEVELOPMENT INVESTMENT CO LTD 8.2% A 15DEC2018	20,000,000	14,040,000	4.01%
RUSHAN CITY STATE-OWNED ASSET OPERATION CO LTD 6.9% A 11SEP2020	21,000,000	17,957,100	5.13%
SHANGHAI NANFANG GROUP CO LTD 6.7% A 09SEP2019	20,000,000	15,100,000	4.31%
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 7% A 08JUN2017	10,000,000	10,190,000	2.91%
WUHAN DANGDAI TECHNOLOGY INDUSTRY GROUP CO LTD 3.75% A 21MAR2021	6,000,000	6,009,600	1.71%
XIANYANG CITY CONSTRUCTION INVESTMENT CO LTD 7.9% A 09DEC2017	10,000,000	4,002,000	1.14%
ZHEJIANG GEELY HLDG GROUP CO LTD 5.9% A 24JAN2020	10,000,000	10,600,000	3.03%
ZHUHAI PORT 6.8% A 01MAR2019	15,000,000	15,975,000	4.56%
<i>Total of listed fixed income securities</i>		<u>151,365,895</u>	<u>43.21%</u>

Listed Floating Income Securities

China

CHUZHOU CITY CONSTRUCTION INVESTMENT CO LTD 1YR S+3.05% A 30NOV2021	20,000,000	<u>20,678,000</u>	<u>5.90%</u>
<i>Total of listed floating income securities</i>		<u>20,678,000</u>	<u>5.90%</u>

CHINAAMC SELECT RMB BOND FUND
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INVESTMENT PORTFOLIO (CONTINUED)

31 December 2016

	Nominal Value/ Quantity (in RMB)	Fair Value (in RMB)	% of net asset
<u>Unlisted Listed Fixed Income Securities</u>			
China			
GUIZHOU RAILWAY INVESTMENT CO LTD 7.2% A 27MAR2022	20,000,000	21,542,520	6.16%
TENGZHOU CITY STATE-OWNED ASSET OPERATION CO LTD 6.45% A 24MAY2018	10,000,000	6,108,730	1.74%
TIANJING HANBIN INVESTMENT CO LTD 8.39% A 22MAR2019	30,000,000	18,695,430	5.34%
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 6.5% A 08JUN2018	10,000,000	10,255,800	2.93%
WENZHOU ANJUFANG CITY DEVELOPMENT CO LTD 7.65% A 24APR2019	50,000,000	31,101,300	8.88%
WUZHOU URBAN RURAL CONSTRUCTION INVESTMENT DEVELOPMENT CO LTD 7.18% A 12OCT2020	20,000,000	16,766,320	4.79%
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	40,000,000	24,909,960	7.11%
YANZHOU COAL MINING CO LTD 6.19% A PERP	10,000,000	10,038,260	2.86%
<i>Total of unlisted fixed income securities</i>		<u>139,418,320</u>	<u>39.81%</u>
<u>Unlisted Collective Investment Schemes</u>			
China			
CHINA AMC CASH INCOME FUND-A	20,424,820	20,424,820	5.83%
<i>Total of unlisted collective investment scheme</i>		<u>20,424,820</u>	<u>5.83%</u>
Total investment portfolio (cost: RMB336,006,887)		331,887,035	94.75%
Other net assets		<u>18,402,072</u>	<u>5.25%</u>
Total net assets as at 31 December 2016		<u><u>350,289,107</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 2016

	As at 1 January 2016	Addition	Movement in holdings Bonus/Dividends	Disposal	As at 31 December 2016
<u>Fixed Income securities</u>					
China					
BEIJING CONSTRUCTION ENGINEERING GROUP 5.95% A 05JUL2019	17,000,000	14,000,000	-	(17,000,000)	14,000,000
BEIJING URBAN CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 6.8% A 28SEP2016	20,000,000	-	-	(20,000,000)	-
CHANGSHA HIGH TECHNOLOGY DEVELOPMENT CORP 7.3% A 22NOV2017	7,000,000	6,997,000	-	(7,000,000)	6,997,000
CHINA FORTUNE LAND DEVELOPMENT CO LTD 5.1% A 20OCT2022	890,000	-	-	(890,000)	-
GOERTEK INC CB 1% A 12DEC2020	-	5,000,000	-	(5,000,000)	-
GUANGXI LAIBINSHI CONSTRUCTION DEVELOPMENT INVESTMENT CO LTD 8.36% A 14MAR2019	2,962,000	-	-	(2,962,000)	-
GUANGZHOU R&F PROPERTIES CO LTD 3.95% A 11JAN2021	-	10,000,000	-	(10,000,000)	-
GUIZHOU RAILWAY INVESTMENT CO LTD 7.2% A 27MAR2022	20,000,000	-	-	-	20,000,000
HARBIN CITY PLANNING INVESTMENT GROUP CO LTD 7.08% A 12MAR2019	20,000,000	20,000,000	-	(40,000,000)	-
JIANGXI WANNIANQING CEMENT CO LTD 6.85% A 12SEP2019	-	26,000,000	-	(16,000,000)	10,000,000
JIANGXI WANNIANQING CEMENT CO LTD 7.05% A 18OCT2017	20,000,000	20,000,000	-	(30,000,000)	10,000,000
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	15,000,000	-	(15,000,000)	5,000,000
KUNMING IRON AND STEEL HLDGS CO LTD 5.78% A 26APR2020	20,000,000	20,000,000	-	(20,000,000)	20,000,000
LANZHOU CITY DEVELOPMENT INVESTMENT CO LTD 8.2% A 15DEC2018	40,000,000	40,000,000	-	(60,000,000)	20,000,000
RUSHAN CITY STATE-OWNED ASSET OPERATION CO LTD 6.9% A 11SEP2020	21,000,000	21,000,000	-	(21,000,000)	21,000,000
SAINTY MARINE CO LTD 6.6% A 18SEP2019 (CALLED)	10,000,000	-	-	(10,000,000)	-
SANY HEAVY INDUSTRY CO LTD CB 0.5% A 04JAN2022	-	2,000,000	-	(2,000,000)	-
SHANGHAI NANFANG GROUP CO LTD 6.7% A 09SEP2019	20,000,000	20,000,000	-	(20,000,000)	20,000,000
TENGZHOU CITY STATE-OWNED ASSET OPERATION CO LTD 6.45% A 24MAY2018	10,000,000	10,000,000	-	(10,000,000)	10,000,000
TIANJING HANBIN INVESTMENT CO LTD 8.39% A 22MAR2019	30,000,000	30,000,000	-	(30,000,000)	30,000,000
WANXIANG QIANCHAO CO LTD 6% A 25APR2017	5,000,000	5,000,000	-	(10,000,000)	-
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 6.5% A 08JUN2018	30,000,000	30,000,000	-	(50,000,000)	10,000,000
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 7% A 08JUN2017	15,000,000	10,000,000	-	(15,000,000)	10,000,000
WENZHOU ANJUFANG CITY DEVELOPMENT CO LTD 7.65% A 24APR2019	50,000,000	50,000,000	-	(50,000,000)	50,000,000
WUHAN DANGDAI TECHNOLOGY INDUSTRY GROUP CO LTD 3.75% A 21MAR2021	-	10,000,000	-	(4,000,000)	6,000,000
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 ITG GROUP CORP LTD CB 0.5% A 05JAN2022	-	2,118,000	-	(2,118,000)	-
XIAMEN WATER GROUP CO LTD 4.87% A 13MAY2016	20,000,000	-	-	(20,000,000)	-
XIANYANG CITY CONSTRUCTION INVESTMENT CO LTD 7.9% A 09DEC2017	10,000,000	10,000,000	-	(10,000,000)	10,000,000

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

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (CONTINUED)

31 December 2016

	As at 1 January 2016	Addition	Movement in holdings Bonus/Dividends	Disposal	As at 31 December 2016
<u>Fixed Income securities</u>					
China					
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	60,000,000	40,000,000	-	(60,000,000)	40,000,000
XINJIANG ZHONGTAI CHEMICAL GROUP CO LTD 6.5% A 22MAR2019	-	10,000,000	-	(10,000,000)	-
YANAN CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 7.05% A 08FEB2017	30,000,000	30,000,000	-	(60,000,000)	-
YANCHENG CITY URBAN ASSETS OPERATION CO LTD 6.8% A 16DEC2016	4,000,000	-	-	(4,000,000)	-
YANZHOU COAL MINING CO LTD 6.19% A PERP	30,000,000	10,000,000	-	(30,000,000)	10,000,000
YINGKOU PORT LIABILITY CO LTD 5.9% A 02MAR2018	5,000,000	5,000,000	-	(10,000,000)	-
YUNTIANHUA GROUP CO LTD 5.4% A 22JAN2016	30,000,000	-	-	(30,000,000)	-
ZHEJIANG GEELY HLDG GROUP CO LTD 5.9% A 24JAN2020	10,000,000	10,000,000	-	(10,000,000)	10,000,000
ZHUHAI PORT 6.8% A 01MAR2019	30,000,000	18,000,000	-	(33,000,000)	15,000,000
<i>Total of fixed income securities</i>	616,652,000	540,115,000	-	(788,770,000)	367,997,000
<u>Floating Income securities</u>					
China					
CHUZHOU CITY CONSTRUCTION INVESTMENT CO LTD 1YR S+3.05% A 30NOV2021	20,000,000	20,000,000	-	(20,000,000)	20,000,000
<i>Total of floating income securities</i>	20,000,000	20,000,000	-	(20,000,000)	20,000,000
<u>Collective Investment Schemes</u>					
China					
CHINA AMC ANKANG CREDIT PREFERRED BOND FUND	-	8,285,004	-	(8,285,004)	-
CHINA AMC CASH INCOME FUND-A	45,499,550	112,424,820	-	(137,499,550)	20,424,820
CHINA UNIVERSAL EXPRESS INCOME MONEY MARKET FUND- A	65,748	-	1,019	(66,767)	-
GF XIANJINBAO IN-THE-COUNTER REAL-TIME REDEMPTION MONETARY MARKET FUND-A	4,306	-	42	(4,348)	-
<i>Total of collective investment scheme</i>	45,569,604	120,709,824	1,061	(145,855,669)	20,424,820
Total investment portfolio	682,221,604	680,824,824	1,061	(954,625,669)	408,421,820

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 2016			
- Class-A RMB	RMB	10.39	282,663,205
- Class-I-ACC-USD	USD	10.19	11,433,251
- Class-A-DIST-USD	USD	9.05	56,192,651
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

Highest issue price and lowest redemption price per unit¹

		Highest issue price per unit		Lowest redemption price per unit
Year ended 31 December 2016				
- Class-A RMB	RMB	10.66	RMB	10.38
- Class-I-DIST-RMB	RMB	10.62	RMB	10.49
- Class-I-ACC-USD	USD	10.87	USD	10.18
- Class-A-DIST-USD	USD	9.99	USD	9.04
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

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

PERFORMANCE TABLE (continued)

Net asset value attributable to unitholders

Highest issue price and lowest redemption price per unit¹ (continued)

		Highest issue price per unit		Lowest redemption price per unit
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

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

