

ChinaAMC Select Fund

**ChinaAMC Select Asia Bond Fund**

Annual Report

For the year ended 31 December 2017



**华夏基金**  
**ChinaAMC**

ANNUAL REPORT

CHINAAMC SELECT ASIA 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 2017

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

CONTENTS

	Pages
ADMINISTRATION AND MANAGEMENT	1
REPORT OF THE MANAGER TO THE UNITHOLDERS	2
REPORT OF THE TRUSTEE TO THE UNITHOLDERS	3
INDEPENDENT AUDITOR'S REPORT	4 - 6
AUDITED FINANCIAL STATEMENTS	
Statement of comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of changes in net assets attributable to unitholders	10
Statement of cash flows	11
Notes to the financial statements	12 - 28
INVESTMENT PORTFOLIO	29 - 31
STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS	32 - 42
PERFORMANCE TABLE	43

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/en/products/public-fund/chinaamc-select-asia-bond-fund/documents.html>

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

CHINAAMC SELECT ASIA BOND FUND  
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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  
Mr. Tang Xiaodong (appointed on 10 January 2018)

**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

**AUDITOR**

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

**CUSTODIAN**

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

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

REPORT OF THE MANAGER TO THE UNITHOLDERS

*Introduction*

ChinaAMC Select Asia 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 a trust deed dated 12 January 2012, as amended or supplemented from time to time. The Sub-Fund seeks to achieve long term return by investing primarily (i.e. not less than 70% of the net asset value of the Sub-Fund) in fixed income and debt instruments issued or guaranteed by issuers domiciled in Asia and whose predominant business, in the opinion of the Manager, China Asset Management (Hong Kong) Limited, will benefit from or is related to the economic growth in Asia.

*Market Review*

Asian US dollar-denominated bond issuance has hit a record in 2017, driven by greater liquidity and demand from investors in the region, as subscriptions shifted away from the traditional American market. Even with expectations of the US Federal Reserve raising interest rates by two or three times next year, levels would stay considerably below historical averages, encouraging healthy bond activity. With this market continuing to play a major role in the region’s transformation going forward, its ample liquidity may provide alternative funding to new corporate issuers from markets of China’s Belt and Road Initiative, and even from developed countries.

We think the performance of emerging economies during the global financial crisis has shown the extent to which structural changes have shaped these markets in a positive way. In particular, emerging Asia’s accommodative stance in monetary policy, alongside increased fiscal outlays, effectively engineered a sharp economic rebound in Asia. This is in marked contrast with the dramatic declines in output in many of the developed economies that had weaker initial conditions. We believe the Asia bond market is abundant with potential to benefit from the continued increase in emerging Asia’s share of global growth and benefit from low correlation with traditional fixed income asset classes.

China Asset Management (Hong Kong) Limited  
25 April 2018

CHINAAMC SELECT ASIA 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 Asia Bond Fund (a sub-fund of ChinaAMC Select Fund) for the year ended 31 December 2017 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

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25 April 2018

## **Independent auditor's report**

To the Trustee and Manager of  
ChinaAMC Select Asia 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)

### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of ChinaAMC Select Asia Bond Fund (a sub-fund of ChinaAMC Select Fund (the "Trust") and referred to as the "Sub-Fund") set out on pages 7 to 29, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, the statement of changes in equity, the statement of changes in net assets attributable to unitholders and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Sub-Fund as at 31 December 2017, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the IASB. 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.

#### **Information other than the financial statements and auditor's report thereon**

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

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

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

## **Independent auditor's report (continued)**

To the Trustee and Manager of  
ChinaAMC Select Asia 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)

### **Responsibilities of the Trustee and the Manager for the financial statements**

The Manager and Trustee are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and for such internal control as the Manager and the Trustee 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 Manager and Trustee are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and Trustee either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 12 January 2012, as amended or supplemented from time to time and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.

**Independent auditor's report (continued)**

To the Trustee and Manager of  
ChinaAMC Select Asia 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)

**Auditor's responsibilities for the audit of the financial statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and Trustee.
- Conclude on the appropriateness of the Manager and Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Certified Public Accountants  
Hong Kong  
25 April 2018

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

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	For the year ended 31 December 2017 USD	For the period from 30 September 2016 (date of inception) to 31 December 2016 USD
<b>INCOME</b>			
Interest income on financial assets at fair value through profit or loss		543,690	126,457
Interest income on bank deposits		119	43
Sundry income		2,550	-
		<u>546,359</u>	<u>126,500</u>
<b>EXPENSES</b>			
Management fee	4	( 64,245)	( 14,663)
Trustee fee	4	( 36,000)	( 8,709)
Custodian fee	4	( 21,130)	( 5,327)
Auditor's remuneration		( 15,000)	( 14,000)
Preliminary expenses		-	( 43,724)
Transaction handling fee		( 9,780)	( 3,180)
Legal and professional fee		( 2,542)	( 1,128)
Other expenses		( 4,586)	( 358)
		<u>( 153,283)</u>	<u>( 91,089)</u>
<b>PROFIT BEFORE INVESTMENT AND EXCHANGE DIFFERENCES</b>		<b>393,076</b>	<b>35,411</b>
Net gain/(loss) on financial assets at fair value through profit or loss		589,623	( 7,437)
Exchange gain		-	41,016
		<u>589,623</u>	<u>33,579</u>
<b>PROFIT BEFORE TAX</b>		<b>982,699</b>	<b>68,990</b>
Withholding taxes	5	-	-
<b>OPERATING GAIN</b>		<u><b>982,699</b></u>	<u>-</u>
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<b>982,699</b>	<b>-</b>
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>-</u></u>	<u><u>68,990</u></u>

CHINAAMC SELECT ASIA BOND FUND  
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STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 USD	2016 USD
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	6	10,890,089	8,989,666
Interest receivable		123,996	105,135
Cash and cash equivalents	7	63,836	1,007,577
Other prepayment and receivables		48	-
<b>TOTAL ASSETS</b>		<u>11,077,969</u>	<u>10,102,378</u>
<b>LIABILITIES</b>			
Management fee payable	4	5,639	14,663
Trustee fee payable	4	3,000	3,000
Accrued expenses and other payables		15,211	15,725
<b>TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>		<u>23,850</u>	<u>33,388</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	8	<u>11,054,119</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		11,054,119	33,388
<b>TOTAL EQUITY</b>	9	-	10,068,990
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>11,054,119</u>	<u>10,102,378</u>
<b>NUMBER OF UNITS IN ISSUE</b>			
- Class I USD		1,000,000	1,000,000
- Class A USD		240	-
<b>NET ASSET VALUE PER UNIT</b>			
- Class I USD		11.0516	10.0690
- Class A USD		10.4213	-

CHINAAMC SELECT ASIA BOND FUND  
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STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Number of Units	USD
At 30 September 2016 (date of inception)	-	-
Subscription of units – Class I USD	1,000,000	10,000,000
Profit and total comprehensive income for the year	<u>-</u>	<u>68,990</u>
At 31 December 2016 and 1 January 2017	1,000,000	10,068,990
Reclassification of the redeemable units as financial liabilities	<u>( 1,000,000)</u>	<u>( 10,068,990)</u>
At 31 December 2017	<u><u>-</u></u>	<u><u>-</u></u>

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

Year ended 31 December 2017

	Number of Units	USD
At 1 January 2017	-	-
Reclassification of the redeemable units as financial liabilities	1,000,000	10,068,990
Subscription of units – Class A USD	240	2,430
Increase in net assets attributable to unitholders	<u>-</u>	<u>982,699</u>
At 31 December 2017	<u>1,000,240</u>	<u>11,054,119</u>

CHINAAMC SELECT ASIA BOND FUND  
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STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	For the year ended 31 December 2017 USD	For the period from 30 September 2016 (date of inception) to 31 December 2016 USD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		982,699	68,990
Adjustments for:			
Increase in financial assets at fair value through profit or loss	(	1,900,423)	( 8,989,666)
Increase in interest receivable	(	18,861)	( 105,135)
Increase in prepayment and other receivables	(	48)	-
(Decrease)/increase in management fee payable	(	9,024)	14,663
Increase in trustee fee payable		-	3,000
(Decrease)/increase in accrued expenses and other payables	(	514)	15,725
Cash used in operations	(	946,171)	( 8,992,423)
Tax paid		-	-
Net cash flows used in operating activities	(	946,171)	( 8,992,423)
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>			
Proceeds on issue of units		2,430	10,000,000
Net cash flows generated from financing activity		2,430	10,000,000
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>			
	(	943,741)	1,007,577
Cash and cash equivalents at beginning of the year/period		1,007,577	-
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>		<u>63,836</u>	<u>1,007,577</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Cash at banks	7	<u>63,836</u>	<u>1,007,577</u>
Net cash used in operating activities includes:			
Interest income on bank deposits		<u>119</u>	<u>43</u>

CHINAAMC SELECT ASIA BOND FUND  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 Asia 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 30 September 2016. As at 31 December 2017, there are four other sub-funds established under the Trust and the inception dates are as follow:

	Inception date
ChinaAMC Select RMB Bond Fund	21 February 2012
ChinaAMC Select 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

The manager of the Trust is China Asset Management (Hong Kong) Limited (the "Manager") and the Trustee is BOCI-Prudential Trustee Limited (the "Trustee"). The Custodian is Bank of China (Hong Kong) Limited (the "Custodian").

The Sub-Fund seeks to achieve long term return by investing primarily (i.e. not less than 70% of the net asset value of the Sub-Fund) in fixed income and debt instruments issued or guaranteed by issuers domiciled in Asia and whose predominant business, in the opinion of the Manager, will benefit from or is related to the economic growth in Asia.

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 United States Dollars ("USD") and all values are rounded to the nearest USD except where otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

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

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. These amendments have no material impact on the 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, 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 Customers</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 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. The Sub-Fund will adopt IFRS 9 from 1 January 2018. The Sub-Fund will not restate comparative information and will recognise any transition adjustments against the opening balance of net assets attributable to unitholders at 1 January 2018. During 2017, the Sub-Fund has performed a detailed assessment of the impact of the adoption of IFRS 9. The Sub-Fund does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement, and impairment of its financial assets.

IFRS 15 was issued in May 2014, and amended in April 2016, 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 retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Sub-Fund will adopt IFRS 15 from 1 January 2018 and plans to adopt the full retrospective approach. During 2017, the Sub-Fund has performed a detailed assessment on the impact of the adoption of IFRS 15. The Sub-Fund does not expect that the adoption of IFRS 15 will have a significant impact on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 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 cash and cash equivalents and 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 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 2017

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 6 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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. 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.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the reporting date.

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

Net assets attributable to unitholders

The Sub-Fund offered redeemable units, namely Class A units and Class I units, which are redeemable at the unitholder's option.

Redeemable units are subscribed and redeemed during the Hong Kong and People's Republic of China ("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.

Prior to the issuance of Class A units in 2017, only Class I units were in issue. The Sub-Fund's redeemable units met the definition of puttable instruments classified as equity instruments under the revised IAS 32 and were then classified as equity.

During 2017, Class A units have been issued. The Sub-Fund's redeemable units did not meet the definition of puttable instruments classified as equity instruments under the revised IAS 32 and were then classified as financial liabilities.

Distributions to unitholders

Distributions are at the discretion of the Sub-Fund. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the year in which it is approved by the Manager.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks.

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

Interest revenue

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net gain or 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 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 jurisdiction, dividend income, interest income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in the statement of 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 2017

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 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.

4. FEES

Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, up to 1.20% per annum (current level at 0.6% per annum for Class I USD Units and 1.2% per annum for Class A USD 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 2017 was USD64,245 (for the period from 30 September 2016 (date of inception) to 31 December 2016: USD14,663). As at 31 December 2017, management fee of USD5,639 (2016: USD14,663) was payable to the Manager.

Trustee fee

The Trustee is entitled to receive a trustee fee from the Sub-Fund, at current rates up to 0.14% (with a maximum of 0.5%) per annum, based on the net asset value, subject to minimum monthly fee of USD6,000, which is waived for the first 6 months of the launch of the Sub-Fund and reduced by 50% for the next 6 months, and accrued on each valuation day and is paid monthly in arrears.

The trustee fee for the year ended 31 December 2017 was USD36,000 (for the period from 30 September 2016 (date of inception) to 31 December 2016: USD8,709). As at 31 December 2017, trustee fee of USD3,000 (2016: USD3,000) was payable to the Trustee.

Custodian fee

The Custodian is entitled to receive custodian fees from the Sub-Fund, at a current rate of up to 0.06% (up to a maximum of 0.1%) per annum, calculated monthly and is paid monthly in arrears.

The custodian fees for the year ended 31 December 2017 were USD21,130 (for the period from 30 September 2016 (date of inception) to 31 December 2016: USD5,327).

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 and capital gains).

*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. There was no distribution tax provided for the year ended 31 December 2017 (for the period from 30 September 2016 (date of inception) to 31 December 2016: nil).

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 USD	2016 USD
Held for trading		
- debt securities	<u>10,890,089</u>	<u>8,989,666</u>
Total financial assets at fair value through profit or loss	<u><u>10,890,089</u></u>	<u><u>8,989,666</u></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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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

As at 31 December 2017, the Sub-Fund invested in debt securities and categorise the investments within Level 2. No Level 1 and Level 3 investments were categorised by the Sub-Fund.

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

The determination of what constitutes 'observable' requires significant 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 2017.

2017

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets held for trading:				
- Debt securities	<u>-</u>	<u>10,890,089</u>	<u>-</u>	<u>10,890,089</u>

2016

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Financial assets held for trading:				
- Debt securities	<u>-</u>	<u>8,989,666</u>	<u>-</u>	<u>8,989,666</u>

There are no investments classified within Level 1 and Level 3 and no transfers between levels for the year ended 31 December 2017.

A detailed portfolio listing is set out on pages 29 to 31.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

7. CASH AND CASH EQUIVALENTS

	2017 USD	2016 USD
Cash at bank	<u>63,836</u>	<u>1,007,577</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.

8. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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

Capital management

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

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

	2017 USD	2016 USD
Net assets attributable to unitholders as at last business day for the year/period (calculated in accordance with Explanatory Memorandum)	11,082,784	10,107,781
Differences between last business day and last calendar day:		
Interest Income	1,869	1,741
Operating expense	<u>(704)</u>	<u>(451)</u>
Net assets attributable to unitholders as at last calendar day for the year	11,083,949	10,109,071
Adjustment for preliminary expenses	<u>(29,830)</u>	<u>(40,081)</u>
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>11,054,119</u>	<u>10,068,990</u>
Net assets attributable to unitholders (per unit) as at last business day for the year/period (calculated in accordance with Explanatory Memorandum)		
Class I USD	11.0803	10.1078
Class A USD	<u>10.4487</u>	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

8. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

Capital management (continued)

	2017 USD	2016 USD
Net assets attributable to unitholders (per unit) as at last calendar day for the year (calculated in accordance with IFRSs)		
Class I USD	11.0516	10.0690
Class A USD	<u>10.4213</u>	<u>-</u>

9. SHARE CAPITAL

During the period from 30 September 2016 (date of inception) to 31 December 2016, there were only Class I units in issue and the Sub-Fund concluded that these units had all features and met all the conditions for classification as equity instruments.

During the year ended 31 December 2017, following the issuance of Class A units which are subject to different fee structures, the Sub-Fund concluded that the condition that the financial instruments have identical features was no longer met under IAS32. Therefore, the Sub-Fund has prospectively reclassified the redeemable units as financial liabilities. The amount reclassified was the entire equity balance which was determined to be the fair value of the liability to unitholders at the date of the reclassification.

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.

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

*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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

Market risk (continued)

*Interest rate risk* (continued)

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.

The following table demonstrates the sensitivity of the Sub-Fund's profit or loss for the year ended 31 December 2017 to a reasonably possible change in interest rates, with all other variables held constant.

	Change in basis points	Sensitivity of interest income increase/(decrease) USD	Sensitivity of change in fair value of investments increase/(decrease) USD
2017			
Debt securities	+25	20,875	(82,199)
Debt securities	-25	(20,875)	82,199
2016			
Debt securities	+25	22,474	(109,588)
Debt securities	-25	(22,474)	109,588

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 2017, 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 USD, the functional currency of the Sub-Fund. The Manager considers the Sub-Fund is not exposed to significant currency risk and therefore no sensitivity analysis is presented.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

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 USD 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 USD 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.

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.

	On demand USD'000	Within 1 month USD'000	1 month to 3 months USD'000	More than 3 months to 1 year USD'000	Total USD'000
As at 31 December 2017					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	10,890	-	-	10,890
Interest receivable	-	40	49	35	124
Cash and cash equivalents	64	-	-	-	64
Total financial assets	64	10,930	49	35	11,078
<u>Financial liabilities</u>					
Management fee payable	-	6	-	-	6
Trustee fee payable	-	3	-	-	3
Accrued expenses and other payables	-	-	-	15	15
Net assets attributable to unitholders*	11,054	-	-	-	11,054
Total financial liabilities	11,054	9	-	15	11,078

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

Liquidity risk (continued)

	On demand USD'000	Within 1 month USD'000	1 month to 3 months USD'000	More than 3 months to 1 year USD'000	Total USD'000
As at 31 December 2016					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss	-	8,990	-	-	8,990
Interest receivable	-	23	41	41	105
Cash and cash equivalents	1,007	-	-	-	1,007
Total financial assets	1,007	9,013	41	41	10,102
<u>Financial liabilities</u>					
Management fee payable	-	14	-	-	14
Trustee fee payable	-	3	-	-	3
Accrued expenses and other payables	-	2	-	14	16
Total financial liabilities	-	19	-	14	33

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 USD fixed income securities issued by corporations that carry a credit rating grade of at least Ba1 or BB+ 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.

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 the custodian and the related credit ratings from Standard & Poor's ("S&P"):

	USD	Credit rating	Source of credit rating
31 December 2017			
Bank of China (Hong Kong) Limited	63,836	A+	S&P

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

Credit and counterparty risk (continued)

	USD	Credit rating	Source of credit rating
31 December 2016			
Bank of China (Hong Kong) Limited	1,007,577	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 ended 31 December 2017 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 affiliate, Bank of China (Hong Kong) Limited, with interest income amounted to USD543,809 (for the period from 30 September 2016 (date of inception) to 31 December 2016: USD126,500). Further details of the balances held are described in notes 6 and 7 to the financial statements.

Investment transactions with connected persons of the Manager

CITIC Securities Brokerage (HK) Limited was the Manager's affiliate.

	Aggregate value of purchases and sales of securities USD	Total commission paid USD	% of Sub-Fund's total transactions during the period %	Average commission Rate %
2017				
CITIC Securities Brokerage (HK) Limited	3,108,582	-	1.34%	-
2016				
CITIC Securities Brokerage (HK) Limited	4,534,625	-	5.42%	-

Commission paid for the debt securities is not separately identifiable and is included in the purchase and sale price.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

12. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund during the year ended 31 December 2017 and period ended 31 December 2016. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

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 was 57.41 units and 127.15 units respectively noted. In addition, total subsequent subscription of Class I units of the Sub-Fund was 1,560,000 units while no subsequent redemption was noted.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 25 April 2018.

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

INVESTMENT PORTFOLIO

31 DECEMBER 2017

	Nominal Value (in USD)	Fair Value (in USD)	% of net asset
<b>LISTED DEBT SECURITIES</b>			
<b>COLUMBIA</b>			
ITAU UNIBANCO HLDG SA/CAYMAN ISLAND 6.125% S/A PERP REGS	200,000	201,966	1.83%
<i>Total of listed debt securities traded in Columbia</i>		<u>201,966</u>	<u>1.83%</u>
<b>GERMANY</b>			
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD/UK 6.75% S/A PERP REGS	224,000	255,254	2.31%
BANCO BILBAO VIZCAYA ARGENTARIA SA 6.125% Q PERP	400,000	414,424	3.75%
COMMONWEALTH BANK OF AUSTRALIA 3M L+0.68% Q 18SEP2022 REGS	400,000	402,028	3.64%
COSAN LTD 5.95% S/A 20SEP2024 REGS	200,000	205,918	1.86%
EHI CAR SERVICES LTD 5.875% S/A 14AUG2022	200,000	203,944	1.84%
FIBRIA OVERSEAS FINANCE LTD 4% S/A 14JAN2025	200,000	198,612	1.80%
FORTUNE STAR BVI LTD 5.25% S/A 23MAR2022	300,000	299,307	2.71%
HUARONG FINANCE 2017 CO LTD 3M L+1.65% Q 27APR2020	200,000	202,204	1.83%
HUARONG FINANCE 2017 CO LTD 3M L+1.85% Q 27APR2022	200,000	205,444	1.86%
PETROBRAS GLOBAL FINANCE BV 5.299% S/A 27JAN2025 REGS	300,000	301,314	2.73%
SAN MIGUEL INDUSTRIAS PET SA 4.5% S/A 18SEP2022 REGS	300,000	305,637	2.76%
SUNAC CHINA HLDGS LTD 7.95% S/A 08AUG2022	300,000	302,427	2.74%
SUNAC CHINA HLDGS LTD 8.75% S/A 05DEC2019	600,000	625,218	5.66%
TIMES PROPERTY HLDGS LTD 6.6% S/A 02MAR2023	250,000	248,060	2.24%
<i>Total of listed debt securities traded in Germany</i>		<u>4,169,791</u>	<u>37.73%</u>
<b>HONG KONG</b>			
CHARMING LIGHT INVESTMENTS LTD 3M L+1.15% Q 21DEC2020	200,000	200,106	1.81%
CIFI HLDGS GROUP CO LTD 5.375% S/A PERP	200,000	196,798	1.78%
CIFI HLDGS GROUP CO LTD 5.5% S/A 23JAN2022	200,000	199,304	1.80%
HUARONG FINANCE 2017 CO 4.5% S/A PERP	300,000	303,327	2.74%
MAOYE INTL HLDGS LTD 7% S/A 23OCT2018	200,000	201,698	1.82%
PETROLEOS MEXICANOS 6.5% S/A 13MAR2027 REGS	200,000	219,272	1.98%
PRESS METAL LABUAN LTD 4.8% S/A 30OCT2022	200,000	201,738	1.83%
YANCOAL INTL RESOURCES DEVELOPMENT CO LTD 5.75% S/A PERP	200,000	202,628	1.83%
YANGZHOU URBAN CONSTRUCTION STATE-OWNED ASSET HLDG GROUP CO LTD 4.375% S/A 19DEC2020	200,000	200,704	1.82%
<i>Total of listed debt securities traded in Hong Kong</i>		<u>1,925,575</u>	<u>17.41%</u>

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

INVESTMENT PORTFOLIO (continued)

31 DECEMBER 2017

	Nominal Value (in USD)	Fair Value (in USD)	% of net asset
<b>LUXEMBOURG</b>			
GERDAU TRADE INC 4.875% S/A 24OCT2027 REGS	200,000	199,736	1.81%
<i>Total of listed debt securities traded in Luxembourg</i>		<u>199,736</u>	<u>1.81%</u>
<b>SINGAPORE</b>			
21VIANET GROUP INC 7% S/A 17AUG2020	200,000	202,136	1.83%
ABM INVESTAMA TBK 7.125% S/A 01AUG2022 REGS	200,000	207,196	1.87%
AYC FINANCE LTD 5.125% S/A PERP	200,000	204,644	1.85%
BAOXIN AUTO FINANCE I LTD 8.75% S/A PERP	200,000	212,318	1.92%
CHINA AOYUAN PROPERTY GROUP LTD 6.525% S/A 25APR2019	300,000	305,433	2.76%
CHINA EVERGRANDE GROUP 8.75% S/A 28JUN2025	300,000	311,661	2.82%
CHINA JINJIANG ENVIRONMENT HLDG CO LTD 6% S/A 27JUL2020	200,000	198,928	1.80%
COUNTRY GARDEN HLDGS CO LTD 4.75% S/A 25JUL2022	200,000	200,146	1.81%
COUNTRY GARDEN HLDGS CO LTD 5.625% S/A 15DEC2026	200,000	208,442	1.89%
GOL FINANCE INC 7% S/A 31JAN2025 REGS	300,000	295,470	2.67%
INDIKA ENERGY CAPITAL II PTE LTD 6.875% S/A 10APR2022 REGS	200,000	210,426	1.90%
INDO ENERGY FINANCE II BV 6.375% S/A 24JAN2023 REGS	200,000	206,032	1.86%
JIANGSU NANTONG SANJIAN INTL CO LTD 7.8% S/A 26OCT2020	200,000	201,114	1.82%
PRIME BLOOM HLDGS LTD 6.95% S/A 05JUL2022	200,000	188,710	1.71%
PRIME BLOOM HLDGS LTD 7.5% S/A 19DEC2019	200,000	201,260	1.82%
STUDIO CITY CO LTD 7.25% S/A 30NOV2021 REGS	300,000	317,784	2.88%
WEICHAI INTL HONG KONG ENERGY GROUP CO LTD 3.75% S/A PERP	200,000	196,570	1.78%
<i>Total of listed debt securities traded in Singapore</i>		<u>3,868,270</u>	<u>34.99%</u>
<b>UNITED STATES</b>			
HSBC HLDGS PLC 6% S/A PERP	200,000	210,234	1.90%
<i>Total of listed debt securities traded in United States</i>		<u>210,234</u>	<u>1.90%</u>
<b>Total of listed debt securities</b>		<u>10,575,572</u>	<u>95.67%</u>

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

INVESTMENT PORTFOLIO

31 DECEMBER 2017

	Nominal Value (in USD)	Fair Value (in USD)	% of net asset
<b>UNLISTED DEBT SECURITIES</b>			
<b>HONG KONG</b>			
VIRGIN AUSTRALIA HLDGS LTD 8.5% S/A 15NOV2019 REGS	300,000	314,517	2.85%
<i>Total of unlisted debt securities traded in Hong Kong</i>		<u>314,517</u>	<u>2.85%</u>
<b>Total of unlisted debt securities</b>		<u>314,517</u>	<u>2.85%</u>
Total investment portfolio (cost: USD10,735,097)		<u>10,890,089</u>	<u>98.52%</u>
Other net assets		<u>164,030</u>	<u>1.48%</u>
Total net assets		<u><u>11,054,119</u></u>	<u><u>100.00%</u></u>

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b><u>Debt Securities</u></b>					
21VIANET GROUP INC 7% S/A 17AUG2020	-	200,000	-	-	200,000
361 DEGREES INTL LTD 7.25% S/A 03JUN2021	300,000	-	-	(300,000)	-
ABM INVESTAMA TBK 7.125% S/A 01AUG2022 REGS	-	700,000	-	(500,000)	200,000
ALAM SYNERGY PTE LTD 6.95% S/A 27MAR2020 REGS	300,000	-	-	(300,000)	-
ANGLO AMERICAN CAPITAL PLC 3.625% S/A 11SEP2024 REGS	-	500,000	-	(500,000)	-
ANGLO AMERICAN CAPITAL PLC 4% S/A 11SEP2027 REGS	-	500,000	-	(500,000)	-
ANTON OILFIELD SERVICES GROUP/HONG KONG 7.5% S/A 06NOV2018 REGS	-	1,000,000	-	(1,000,000)	-
ATENTO LUXCO 1 SA 6.125% S/A 10AUG2022 REGS	-	700,000	-	(700,000)	-
AUSTRALIA & NEW ZEALAND BANKING GROUP LTD/UK 6.75% S/A PERP REGS	-	224,000	-	-	224,000
AYC FINANCE LTD 5.125% S/A PERP	-	200,000	-	-	200,000
AZUL INVESTMENTS LLP 5.875% S/A 26OCT2024 REGS	-	250,000	-	(250,000)	-
AZURE POWER ENERGY LTD 5.5% S/A 03NOV2022 REGS	-	600,000	-	(600,000)	-
BAIDU INC 3.625% S/A 06JUL2027	-	200,000	-	(200,000)	-
BANCO BILBAO VIZCAYA ARGENTARIA SA 6.125% Q PERP	-	600,000	-	(200,000)	400,000
BANCO DO BRASIL SA/CAYMAN 4.625% S/A 15JAN2025 REGS	-	200,000	-	(200,000)	-
BANCO GENERAL SA 4.125% S/A 07AUG2027 REGS	-	500,000	-	(500,000)	-
BANK OF CHINA LTD 6.75% A PERP (NON-CUMULATIVE OFFSHORE PREFERENCE SHARES)(USD)	-	5,000,000	-	(5,000,000)	-
BANK OF EAST ASIA LTD 5.625% S/A PERP	-	200,000	-	(200,000)	-
BAOXIN AUTO FINANCE I LTD 5.625% S/A PERP	-	400,000	-	(400,000)	-
BAOXIN AUTO FINANCE I LTD 8.75% S/A PERP	200,000	-	-	-	200,000
BARCLAYS PLC 6.625% Q PERP	-	300,000	-	(300,000)	-

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
BARMINCO FINANCE PTY LTD 6.625% S/A 15MAY2022 REGS	-	300,000	-	(300,000)	-
BIOSTIME INTL HLDGS LTD 7.25% S/A 21JUN2021 REGS	-	400,000	-	(400,000)	-
BLUE SKY FLIERS CO LTD 6.9% S/A 20JAN2019	-	500,000	-	(500,000)	-
BLUE SKYVIEW CO LTD 7.125% S/A PERP	-	300,000	-	(300,000)	-
BLUESTAR FINANCE HLDGS LTD 4.375% S/A PERP	200,000	-	-	(200,000)	-
BUKIT MAKMUR MANDIRI UTAMA 7.75% S/A 13FEB2022 REGS	-	2,450,000	-	(2,450,000)	-
CCTI 2017 LTD 3.625% S/A 08AUG2022	-	200,000	-	(200,000)	-
CENTRAL CHINA REAL ESTATE LTD 6.5% S/A 04JUN2018	300,000	-	-	(300,000)	-
CENTRAL PLAZA DEVELOPMENT LTD 3.875% S/A 25JAN2020	-	200,000	-	(200,000)	-
CHALIECO HONG KONG CORP LTD 5.7% S/A PERP REGS	-	400,000	-	(400,000)	-
CHANDRA ASRI PETROCHEMICAL TBK 4.95% S/A 08NOV2024 REGS	-	200,000	-	(200,000)	-
CHARMING LIGHT INVESTMENTS LTD 3M L+1.15% Q 21DEC2020	-	200,000	-	-	200,000
CHENGDU COMMUNICATIONS INVESTMENT GROUP CORP LTD 4.75% S/A 13DEC2027	-	200,000	-	(200,000)	-
CHINA AOYUAN PROPERTY GROUP LTD 10.875% S/A 26MAY2018	500,000	-	-	(500,000)	-
CHINA AOYUAN PROPERTY GROUP LTD 11.25% S/A 17JAN2019 (CALLED)	300,000	-	-	(300,000)	-
CHINA AOYUAN PROPERTY GROUP LTD 5.375% S/A 13SEP2022	-	200,000	-	(200,000)	-
CHINA AOYUAN PROPERTY GROUP LTD 6.35% S/A 11JAN2020	-	200,000	-	(200,000)	-
CHINA AOYUAN PROPERTY GROUP LTD 6.525% S/A 25APR2019	-	300,000	-	-	300,000
CHINA EVERGRANDE GROUP 12% S/A 17FEB2020 (CALLED)	-	500,000	-	(500,000)	-
CHINA EVERGRANDE GROUP 7% S/A 23MAR2020	-	1,000,000	-	(1,000,000)	-
CHINA EVERGRANDE GROUP 8.25% S/A 23MAR2022	-	900,000	-	(900,000)	-

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
CHINA EVERGRANDE GROUP 8.75% S/A 28JUN2025	-	1,996,833	-	(1,696,833)	300,000
CHINA GOVERNMENT INTL BOND 2.625% S/A 02NOV2027	-	200,000	-	(200,000)	-
CHINA HONGQIAO GROUP LTD 6.875% S/A 03MAY2018	-	735,000	-	(735,000)	-
CHINA HONGQIAO GROUP LTD 7.625% S/A 26JUN2017 REGS	-	600,000	-	(600,000)	-
CHINA JINJIANG ENVIRONMENT HLDG CO LTD 6% S/A 27JUL2020	-	600,000	-	(400,000)	200,000
CHINA MINMETALS CORP 3.75% S/A PERP	-	500,000	-	(500,000)	-
CHINA SCE PROPERTY HLDGS LTD 10% S/A 02JUL2020	200,000	-	-	(200,000)	-
CHINA SCE PROPERTY HLDGS LTD 5.875% S/A 10MAR2022	-	300,000	-	(300,000)	-
CHINA SINGYES SOLAR TECHNOLOGIES HLDGS LTD 7.95% S/A 15FEB2019	-	500,000	-	(500,000)	-
CHINA WATER AFFAIRS GROUP LTD 5.25% S/A 07FEB2022	-	200,000	-	(200,000)	-
CHINALCO CAPITAL HLDGS LTD 4.25% S/A 21APR2022	-	400,000	-	(400,000)	-
CIFI HLDGS GROUP CO LTD 5.375% S/A PERP	-	200,000	-	(200,000)	-
CIFI HLDGS GROUP CO LTD 5.375% S/A PERP	-	200,000	-	-	200,000
CIFI HLDGS GROUP CO LTD 5.5% S/A 23JAN2022	-	600,000	-	(400,000)	200,000
COLBUN SA 3.95% S/A 11OCT2027 REGS	-	1,000,000	-	(1,000,000)	-
COMMONWEALTH BANK OF AUSTRALIA 3M L+0.68% Q 18SEP2022 REGS	-	400,000	-	-	400,000
COSAN LTD 5.95% S/A 20SEP2024 REGS	-	400,000	-	(200,000)	200,000
COUNTRY GARDEN HLDGS CO LTD 4.75% S/A 25JUL2022	-	400,000	-	(200,000)	200,000
COUNTRY GARDEN HLDGS CO LTD 5.625% S/A 15DEC2026	-	200,000	-	-	200,000
CREDIT AGRICOLE SA/LONDON 3.25% S/A 04OCT2024 REGS	-	1,000,000	-	(1,000,000)	-

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
CREDIT SUISSE GROUP AG 7.125% S/A PERP	-	200,000	-	(200,000)	-
CSCEC FINANCE CAYMAN II LTD 2.9% S/A 05JUL2022	-	200,000	-	(200,000)	-
CSCEC FINANCE CAYMAN II LTD 3.5% S/A 05JUL2027	-	200,000	-	(200,000)	-
CYDSA SAB DE CV 6.25% S/A 04OCT2027 REGS	-	1,000,000	-	(1,000,000)	-
DEUTSCHE BANK 4.296% S/A 24MAY2028	-	400,000	-	(400,000)	-
DEUTSCHE BANK AG 3M L+1.91% Q 10MAY2019	300,000	-	-	(300,000)	-
DIANJIAN HAIYU LTD 3.5% S/A PERP	-	200,000	-	(200,000)	-
DR PENG HLDG HONGKONG LTD 5.05% S/A 01JUN2020	-	900,000	-	(900,000)	-
EHI CAR SERVICES LTD 5.875% S/A 14AUG2022	-	400,000	-	(200,000)	200,000
ENERGY TRANSFER PARTNERS LP 6.25% S/A PERP	-	300,000	-	(300,000)	-
ENERGY TRANSFER PARTNERS LP 6.625% S/A PERP	-	500,000	-	(500,000)	-
EVERGRANDE REAL ESTATE GROUP LTD 8.75% S/A 30OCT2018 REGS (CALLED)	300,000	900,000	-	(1,200,000)	-
FANTASIA HLDGS GROUP CO LTD 11.5% S/A 01JUN2018	200,000	-	-	(200,000)	-
FANTASIA HLDGS GROUP CO LTD 5.5% S/A 12JUN2018	-	500,000	-	(500,000)	-
FANTASIA HLDGS GROUP CO LTD 7.375% S/A 04OCT2021	-	2,000,000	-	(2,000,000)	-
FAR EAST CONSORTIUM INTL LTD/HK 4.5% S/A 13MAY2023	-	200,000	-	(200,000)	-
FIBRIA OVERSEAS FINANCE LTD 4% S/A 14JAN2025	-	200,000	-	-	200,000
FMG RESOURCES AUGUST 2006 PTY LTD 6.875% S/A 01APR2022 REGS (CALLED)	500,000	-	-	(500,000)	-
FORTUNE STAR BVI LTD 5.25% S/A 23MAR2022	-	300,000	-	-	300,000
FRONTIER COMMUNICATIONS CORP 10.5% S/A 15SEP2022	-	500,000	-	(500,000)	-
FUTURE LAND DEVELOPMENT HLDGS LTD 5% S/A 16FEB2020	-	300,000	-	(300,000)	-

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
FWD GROUP LTD 0% S/A PERP	-	800,000	-	(800,000)	-
GEMDALE EVER PROSPERITY INVESTMENT LTD 4.95% S/A 26JUL2022	-	200,000	-	(200,000)	-
GERDAU TRADE INC 4.875% S/A 24OCT2027 REGS	-	200,000	-	-	200,000
GLOBAL LOGISTIC PROPERTIES LTD 3.875% S/A 04JUN2025	-	500,000	-	(500,000)	-
GLOBAL PRIME CAPITAL PTE LTD 5.5% S/A 18OCT2023	-	500,000	-	(500,000)	-
GMR HYDERABAD INTL AIRPORT LTD 4.25% S/A 27OCT2027 REGS	-	300,000	-	(300,000)	-
GOHL CAPITAL LTD 4.25% S/A 24JAN2027	-	400,000	-	(400,000)	-
GOL FINANCE INC 7% S/A 31JAN2025 REGS	-	300,000	-	-	300,000
GOLDEN EAGLE RETAIL GROUP LTD 4.625% S/A 21MAY2023 REGS	-	1,000,000	-	(1,000,000)	-
GOLDEN LEGACY PTE LTD 8.25% S/A 07JUN2021 REGS	-	1,200,000	-	(1,200,000)	-
GOLDEN WHEEL TIANDI HLDGS CO LTD 8.25% S/A 03NOV2019	-	200,000	-	(200,000)	-
GOME ELECTRICAL APPLIANCES HLDG LTD 5% S/A 10MAR2020	-	400,000	-	(400,000)	-
GOODMAN US FINANCE THREE LLC 3.7% S/A 15MAR2028 REGS	-	1,000,000	-	(1,000,000)	-
GREENKO DUTCH BV 5.25% S/A 24JUL2024 REGS	-	500,000	-	(500,000)	-
GUOJING CAPITAL BVI LTD 3.95% S/A 11DEC2022	-	200,000	-	(200,000)	-
HAINAN AIRLINES HONG KONG CO LTD 6.35% S/A 31OCT2018	-	400,000	-	(400,000)	-
HESTEEL HONG KONG CO LTD 4.25% S/A 07APR2020	-	1,600,000	-	(1,600,000)	-
HINDUSTAN PETROLEUM CORP LTD 4% S/A 12JUL2027	-	200,000	-	(200,000)	-
HPCL-MITTAL ENERGY LTD 5.25% S/A 28APR2027	-	200,000	-	(200,000)	-
HSBC HLDGS PLC 3M L+2.24% Q 08MAR2021	300,000	-	-	(300,000)	-
HSBC HLDGS PLC 6% S/A PERP	-	400,000	-	(200,000)	200,000
HSBC HLDGS PLC 6.875% S/A PERP	-	300,000	-	(300,000)	-
HT GLOBAL IT SOLUTIONS HLDGS LTD 7% S/A 14JUL2021 REGS	-	550,000	-	(550,000)	-

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
HUARONG FINANCE 2017 CO 4.5% S/A PERP	-	300,000	-	-	300,000
HUARONG FINANCE 2017 CO LTD 3M L+1.65% Q 27APR2020	-	500,000	-	(300,000)	200,000
HUARONG FINANCE 2017 CO LTD 3M L+1.85% Q 27APR2022	-	200,000	-	-	200,000
HUARONG FINANCE 2017 CO LTD 4.75% S/A 27APR2027	-	200,000	-	(200,000)	-
ICBCIL FINANCE CO LTD 3M L+1.67% Q 13NOV2018 REGS	600,000	600,000	-	(1,200,000)	-
INDIKA ENERGY CAPITAL II PTE LTD 6.875% S/A 10APR2022 REGS	-	1,200,000	-	(1,000,000)	200,000
INDO ENERGY FINANCE II BV 6.375% S/A 24JAN2023 REGS	-	1,000,000	-	(800,000)	200,000
IRAQ INTL BOND 6.752% S/A 09MAR2023 REGS	-	300,000	-	(300,000)	-
ITAU UNIBANCO HLDG SA/CAYMAN ISLAND 6.125% S/A PERP REGS	-	200,000	-	-	200,000
JABABEKA INTL BV 6.5% S/A 05OCT2023 REGS	-	200,000	-	(200,000)	-
JAIN INTL TRADING BV 7.125% S/A 01FEB2022	-	800,000	-	(800,000)	-
JAPFA COMFEED INDONESIA TBK 5.5% S/A 31MAR2022	-	500,000	-	(500,000)	-
JIANGSU NANTONG SANJIAN INTL CO LTD 7.8% S/A 26OCT2020	-	200,000	-	-	200,000
JIUDING GROUP FIANACE CO LTD 6.5% S/A 25JUL2020	-	200,000	-	(200,000)	-
KAISA GROUP HLDGS LTD 7.56% S/A 30JUN2021 (CALLED)	-	1,900,000	-	(1,900,000)	-
KAISA GROUP HLDGS LTD 7.56% S/A 31DEC2021 (CALLED)	-	3,000,000	-	(3,000,000)	-
KAISA GROUP HLDGS LTD 9.375% S/A 30JUN2024	-	600,000	-	(600,000)	-
KLABIN FINANCE SA 4.875% S/A 19SEP2027 REGS	-	200,000	-	(200,000)	-
KWG PROPERTY HLDG LTD 6% S/A 15SEP2022	-	1,000,000	-	(1,000,000)	-
KYOBO LIFE INSURANCE CO LTD 3.95% S/A 24JUL2047 REGS	-	200,000	-	(200,000)	-

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
LOGAN PROPERTY HLDGS CO LTD 11.25% S/A 04JUN2019 REGS (CALLED)	300,000	-	-	(300,000)	-
MACQUARIE BANK LTD/LONDON 6.125% S/A PERP REGS	-	650,000	-	(650,000)	-
MAOYE INTL HLDGS LTD 7% S/A 23OCT2018	-	200,000	-	-	200,000
MAZOOON ASSETS CO SAOC 5.2% S/A 08NOV2027 REGS	-	200,000	-	(200,000)	-
MELCO RESORTS FINANCE LTD 4.875% S/A 06JUN2025 (FUNGED)	-	700,000	-	(700,000)	-
MEXICO CITY AIRPORT TRUST 3.875% S/A 30APR2028 REGS	-	200,000	-	(200,000)	-
MIE HLDGS CORP 7.5% S/A 25APR2019 REGS	-	1,700,000	-	(1,700,000)	-
MINERVA LUXEMBOURG SA 5.875% S/A 19JAN2028 REGS	-	400,000	-	(400,000)	-
MIRVAC GROUP FINANCE LTD 3.625% S/A 18MAR2027	-	200,000	-	(200,000)	-
MIZUHO FINANCIAL GROUP INC 3M L+1.14% Q 13SEP2021	300,000	-	-	(300,000)	-
MONGOLIA GOVERNMENT INTL BOND 8.75% S/A 09MAR2024 REGS	-	210,000	-	(210,000)	-
NANJING YANGZI STATE OWNED ASSETS INVESTMENT GROUP CO LTD 4.5% S/A 05DEC2027	-	200,000	-	(200,000)	-
NEWCASTLE COAL INFRASTRUCTURE GROUP PTY LTD 4.4% S/A 29SEP2027 REGS	-	200,000	-	(200,000)	-
NEXTERA ENERGY CAPITAL HLDGS INC 4.8% S/A 01DEC2077	-	1,000,000	-	(1,000,000)	-
NOBLE GROUP LTD 6.75% S/A 29JAN2020 REGS	-	600,000	-	(600,000)	-
NOBLE GROUP LTD 8.75% S/A 09MAR2022	-	2,200,000	-	(2,200,000)	-
OCEANWIDE REAL ESTATE INTL HLDGS CO LTD 11.75% S/A 08SEP2019	300,000	-	-	(300,000)	-
OMAN GOVERNMENT INTL BOND 5.375% S/A 08MAR2027 REGS	-	200,000	-	(200,000)	-

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
PAKUWON PRIMA PTE LTD 5% S/A 14FEB2024	-	1,800,000	-	(1,800,000)	-
PARK AEROSPACE HLDGS LTD 4.5% S/A 15MAR2023 REGS	-	400,000	-	(400,000)	-
PB INTL BV 7.625% S/A 26JAN2022	-	300,000	-	(300,000)	-
PERUSAHAAN LISTRIK NEGARA 4.125% S/A 15MAY2027 REGS	-	200,000	-	(200,000)	-
PETROBRAS GLOBAL FINANCE BV 5.299% S/A 27JAN2025 REGS	-	300,000	-	-	300,000
PETROBRAS GLOBAL FINANCE BV 5.999% S/A 27JAN2028 REGS	-	200,000	-	(200,000)	-
PETROLEOS MEXICANOS 3M L+3.65% Q 11MAR2022 REGS	-	500,000	-	(500,000)	-
PETROLEOS MEXICANOS 6.5% S/A 13MAR2027 REGS	-	400,000	-	(200,000)	200,000
PETROLEOS MEXICANOS 6.625% S/A 15JUN2035	-	200,000	-	(200,000)	-
PRESS METAL LABUAN LTD 4.8% S/A 30OCT2022	-	200,000	-	-	200,000
PRIME BLOOM HLDGS LTD 6.95% S/A 05JUL2022	-	900,000	-	(700,000)	200,000
PRIME BLOOM HLDGS LTD 7.5% S/A 19DEC2019	300,000	500,000	-	(600,000)	200,000
REP OF COLOMBIA 3.875% S/A 25APR2027	-	500,000	-	(500,000)	-
REP OF SOUTH AFRICA GOVERNMENT INLT BOND 5.65% S/A 27SEP2047	-	1,000,000	-	(1,000,000)	-
REWARD INTL INVESTMENT LTD 7.25% S/A 25JAN2020	-	300,000	-	(300,000)	-
RKP OVERSEAS FINANCE 2016 A LTD 7.95% S/A PERP	-	200,000	-	(200,000)	-
ROCK INTL INVESTMENT INC 6.625% S/A 27MAR2020	-	200,000	-	(200,000)	-
ROYAL BANK OF SCOTLAND GROUP PLC 3M L+1.47% Q 15MAY2023	-	1,000,000	-	(1,000,000)	-
RUMO LUXEMBOURG SARL 7.375% S/A 09FEB2024 REGS	-	250,000	-	(250,000)	-
SACI FALABELLA 3.75% S/A 30OCT2027 REGS	-	200,000	-	(200,000)	-
SAKA ENERGI INDONESIA PT 4.45% S/A 05MAY2024 REGS	-	200,000	-	(200,000)	-

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
SAN MIGUEL INDUSTRIAS PET SA 4.5% S/A 18SEP2022 REGS	-	300,000	-	-	300,000
SANTOS FINANCE LTD 4.125% S/A 14SEP2027	-	200,000	-	(200,000)	-
SHANDONG ENERGY AUSTRALIA PTY LTD 4.55% S/A 26JUL2020	-	200,000	-	(200,000)	-
SHANGHAI COMMERCIAL BANK LTD 3.75% S/A 29NOV2027	-	200,000	-	(200,000)	-
SHIMAO PROPERTY HLDGS LTD 4.75% S/A 03JUL2022	-	800,000	-	(800,000)	-
SHUI ON DEVELOPMENT HLDG LTD 6.4% S/A PERP	-	200,000	-	(200,000)	-
SINO OCEAN LAND TREASURE FINANCE III LTD 4.9% S/A PERP	-	200,000	-	(200,000)	-
SKYLAND MINING BVI LTD 3.25% S/A 06JUL2020	-	300,000	-	(300,000)	-
SOFTBANK GROUP CORP 4.75% S/A 19SEP2024	-	375,000	-	(375,000)	-
SOFTBANK GROUP CORP 5.125% S/A 19SEP2027	-	350,000	-	(350,000)	-
SOFTBANK GROUP CORP 6% S/A PERP	-	200,000	-	(200,000)	-
SOFTBANK GROUP CORP 6.875% S/A PERP	-	200,000	-	(200,000)	-
STANDARD CHARTERED PLC 6.5% S/A PERP REGS	-	400,000	-	(400,000)	-
STANDARD LIFE ABERDEEN PLC 4.25% S/A 30JUN2048	-	500,000	-	(500,000)	-
STUDIO CITY CO LTD 5.875% S/A 30NOV2019 REGS	250,000	850,000	-	(1,100,000)	-
STUDIO CITY CO LTD 7.25% S/A 30NOV2021 REGS	-	300,000	-	-	300,000
STUDIO CITY FINANCE LTD 8.5% S/A 01DEC2020 REGS	250,000	300,000	-	(550,000)	-
SUMITOMO LIFE INSURANCE CO 4% S/A 14SEP2077 REGS	-	500,000	-	(500,000)	-
SUNAC CHINA HLDGS LTD 6.875% S/A 08AUG2020	-	200,000	-	(200,000)	-
SUNAC CHINA HLDGS LTD 7.95% S/A 08AUG2022	-	1,000,000	-	(700,000)	300,000
SUNAC CHINA HLDGS LTD 8.75% S/A 05DEC2019	-	1,900,000	-	(1,300,000)	600,000

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
TEWOO GROUP NO 4 LTD 3.7% S/A 17OCT2018 (CALLED)	-	300,000	-	(300,000)	-
THETA CAPITAL PTE LTD 7% S/A 11APR2022	200,000	1,400,000	-	(1,600,000)	-
TIMES PROPERTY HLDGS LTD 12.625% S/A 21MAR2019 (CALLED)	300,000	-	-	(300,000)	-
TIMES PROPERTY HLDGS LTD 5.75% S/A 26APR2022	-	500,000	-	(500,000)	-
TIMES PROPERTY HLDGS LTD 6.25% S/A 23JAN2020	-	2,100,000	-	(2,100,000)	-
TIMES PROPERTY HLDGS LTD 6.6% S/A 02MAR2023	-	250,000	-	-	250,000
TOP WISE EXCELLENCE ENTERPRISE CO LTD 6% S/A 16MAR2020	-	500,000	-	(500,000)	-
TRAFIGURA GROUP PTE LTD 6.875% S/A PERP	-	200,000	-	(200,000)	-
UBS GROUP FUNDING SWITZERLAND AG 3M L+1.53% Q 01FEB2022 REGS	300,000	-	-	(300,000)	-
UNICREDIT SPA 8% S/A PERP	-	300,000	-	(300,000)	-
VANKE REAL ESTATE HONG KONG CO LTD 3.95% S/A 23DEC2019	200,000	-	-	(200,000)	-
VEDANTA RESOURCES PLC 6% S/A 31JAN2019 REGS	250,000	-	-	(250,000)	-
VEDANTA RESOURCES PLC 6.375% S/A 30JUL2022 REGS	-	1,700,000	-	(1,700,000)	-
VEDANTA RESOURCES PLC 7.125% S/A 31MAY2023 REGS	-	2,600,000	-	(2,600,000)	-
VEDANTA RESOURCES PLC 8.25% S/A 07JUN2021 REGS	-	1,400,000	-	(1,400,000)	-
VIRGIN AUSTRALIA HLDGS LTD 8.5% S/A 15NOV2019 REGS	300,000	-	-	-	300,000
WANDA PROPERTIES INTL CO LTD 7.25% S/A 29JAN2024	-	400,000	-	(400,000)	-
WANDA PROPERTIES OVERSEAS LTD 4.875% S/A 21NOV2018	-	500,000	-	(500,000)	-
WEALTH DRIVEN LTD 5.5% S/A 17AUG2023	-	600,000	-	(600,000)	-
WEICHAI INTL HONG KONG ENERGY GROUP CO LTD 3.75% S/A PERP	-	200,000	-	-	200,000

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 DECEMBER 2017

	As at 1 January 2017	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
<b>Debt Securities</b> (continued)					
WEST CHINA CEMENT LTD 6.5% S/A 11SEP2019	300,000	-	-	(300,000)	-
WISDOM GLORY GROUP LTD 5.25% S/A PERP	-	400,000	-	(400,000)	-
WOORI BANK 5.25% S/A PERP REGS	-	200,000	-	(200,000)	-
XIHUI HAIWAI I INVESTMENT HLDGS CO LTD 3.25% S/A 27JUN2019	300,000	-	-	(300,000)	-
XINHU BVI HLDG CO LTD 6% S/A 01MAR2020	-	300,000	-	(300,000)	-
XINJIANG GUANGHUI INDUSTRY INVESTMENT GROUP CO LTD 7.875% S/A 30MAR2020	-	200,000	-	(200,000)	-
XINYUAN REAL ESTATE CO LTD 13% S/A 06JUN2019 (CALLED)	300,000	-	-	(300,000)	-
XINYUAN REAL ESTATE CO LTD 7.75% S/A 28FEB2021	-	2,200,000	-	(2,200,000)	-
YANCOAL INTL RESOURCES DEVELOPMENT CO LTD 5.75% S/A PERP	-	1,000,000	-	(800,000)	200,000
YANGZHOU URBAN CONSTRUCTION STATE-OWNED ASSET HLDG GROUP CO LTD 4.375% S/A 19DEC2020	-	200,000	-	-	200,000
YANLORD LAND HK CO LTD 5.875% S/A 23JAN2022	-	1,800,000	-	(1,800,000)	-
YIDA CHINA HLDGS LTD 6.95% S/A 19APR2020	-	300,000	-	(300,000)	-
YINGDE GASES INVESTMENT LTD 7.25% S/A 28FEB2020 REGS	-	1,200,000	-	(1,200,000)	-
YINGDE GASES INVESTMENT LTD 8.125% S/A 22APR2018 REGS	-	1,800,000	-	(1,800,000)	-
YUZHOU PROPERTIES CO LTD 5.375% S/A PERP	-	800,000	-	(800,000)	-
YUZHOU PROPERTIES CO LTD 6% S/A 25JAN2022	-	1,100,000	-	(1,100,000)	-
YUZHOU PROPERTIES CO LTD 6% S/A 25OCT2023	-	1,300,000	-	(1,300,000)	-
ZHONGTAI INTL BOND 2017 BVI CO LTD 4.25% S/A 24AUG2020	-	500,000	-	(500,000)	-
<b>Total investment portfolio</b>	<u>8,650,000</u>	<u>119,340,833</u>	<u>-</u>	<u>(117,316,833)</u>	<u>10,674,000</u>

CHINAAMC SELECT ASIA BOND FUND  
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PERFORMANCE TABLE

Net asset value attributable to unitholders

	<b>Net assets value per unit USD</b>	<b>Net assets Attributable to unitholders USD</b>
As at 31 December 2017 - Class I USD	11.0516	11,051,613
- Class A USD	<u>10.4213</u>	<u>2,506</u>
As at 31 December 2016 - Class I USD	<u>10.0690</u>	<u>10,068,990</u>
<u>Highest issue price and lowest redemption price per unit<sup>1</sup></u>		
	<b>Highest issue price per unit USD</b>	<b>Lowest redemption price per unit USD</b>
<b>Class I USD</b>		
For the year ended 31 December 2017	<u>11.08</u>	<u>10.12</u>
For the period from 30 September 2016 (date of inception) to 31 December 2016	<u>10.11</u>	<u>9.99</u>
<b>Class A USD</b>		
For the period from 18 April 2017 (date of inception) to 31 December 2017	<u>10.45</u>	<u>10.00</u>

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



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