

ChinaAMC Select Fund

ChinaAMC Select RMB Bond Fund

Annual Report

For the year ended 31 December 2017



华夏基金
ChinaAMC

ANNUAL REPORT

CHINAAMC SELECT RMB BOND FUND

(a sub-fund of ChinaAMC Select Fund, an open-ended unit trust established as an umbrella fund under the laws of Hong Kong)

For the year ended 31 December 2017

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

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IMPORTANT:

Any opinion expressed herein reflects the Manager's view only and are subject to change. For more information about the fund, please refer to the explanatory memorandum of the fund which is available at our website:

<http://www.chinaamc.com.hk/en/products/public-fund/chinaamc-select-rmb-bond-fund/documents.html>

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
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

RQFII LOCAL CUSTODIAN

Bank of China Limited
1 Fuxingmen Nei Dajie
Beijing
China

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

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 value) 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

Looking back to 2017, Chinese economy turns out to be stronger than most expected a year ago. Export is arguably the main source of strength because United States and Europe economy both experienced a robust year, hence demand from these economies for Chinese goods have surpassed expectation. The way economic data is crunched in China also helps minimise the negative impact caused by capacity reduction campaign. Most factories that have been shut down in the campaign fall into the category of sub-scale company (i.e. small companies), which tend not to be captured by official statistics. Whereas big companies that are covered by statistics benefit from the windfall of rising price of their products when part of the competition was forced out by government. Needless to say that property boom in lower-tier cities also contributes to more economic activities.

Bond market in this environment suffers from an improving macro-economy and a tightening financial condition. Regulation in 2017 has also surpassed expectations. De-leverage is the theme of 2017 and beyond. After years of financial leap forward, the risks associated with it is becoming more aware and concerned by the government. Besides tighter regulatory requirement, raising borrowing cost is also a measure that the People's Bank of China found effective. As a result, bonds see sold off throughout 2017. Yield curve has shifted upwards with benchmark 10 year Chinese treasury bond yield hit 4%, a multiple year high. Major bond index registers 2-4% loss in 2017 on full-price basis.

2018 looks similar to 2017 in the first glance. At least for the first half of 2018, most things will not change cause in China. Government policies will tend to get implemented to push forward de-leverage in financial industry. Regulatory risk and policy risk will likely continue to be the top risks for market participants and investors. It is hard to imagine that the incoming heads of regulatory agencies, who will be appointed by the National People's Congress in 2018 spring, will tend to pursue a less strict regulatory framework than current one. The risk is that they overshoot, not undershoot. Underlying economy may lose steam sometime down the line, but the timing is hard to pin down. A lot could change in the United States as it enters late stage of current economic cycle. One risk is an overheating United States economy forcing the Fed to raising interest rate faster and more than believed. In that case, there will be little room left for Chinese monetary policy to loosen even if Chinese economic growth turns downwards. It will be a very tricky situation to deal with solely with monetary policy. Trade disruption is another risk, but the scope of damage may turn out to be limited because an all-out trade war is too much a risk to bear even for the president of United States.

All in all, 2018 may not be a more difficult year for bond market than 2017. For now, stay underweight duration and focus on risk management while look for coupon yield.

China Asset Management (Hong Kong) Limited
25 April 2018

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 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

25 April 2018

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)

Report on the audit of the financial statements

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 36, which comprise the statement of financial position as at 31 December 2017, 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 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 RMB Bond Fund
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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
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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 RMB BOND FUND
(a sub-fund of ChinaAMC Select Fund)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	2017 RMB	2016 RMB
INCOME			
Dividend income		637,611	1,062,533
Interest income on financial assets at fair value through profit or loss		17,211,941	30,498,224
Interest income on bank deposits and deposit reserve		<u>36,553</u>	<u>160,924</u>
		<u>17,886,105</u>	<u>31,721,681</u>
EXPENSES			
Management fee	4	(3,720,348)	(6,435,306)
Trustee fee	4	(480,003)	(688,767)
Custodian fee	4	(221,733)	(378,516)
Auditor's remuneration		(165,562)	(127,649)
Brokerage fees and other transaction costs		(134,164)	(243,165)
Other expenses		<u>(227,444)</u>	<u>(295,545)</u>
		<u>(4,949,254)</u>	<u>(8,168,948)</u>
FINANCE COSTS			
Distribution to unitholders			
- Class A-DIST-RMB	6	(8,324,567)	(14,854,325)
- Class I-DIST-RMB	6	-	(249,252)
- Class A-DIST-USD	6	<u>(1,867,851)</u>	<u>(3,604,672)</u>
		<u>(10,192,418)</u>	<u>(18,708,249)</u>
PROFIT BEFORE INVESTMENT AND EXCHANGE DIFFERENCES			
		2,744,433	4,844,484
INVESTMENT LOSSES AND EXCHANGE DIFFERENCES			
Net loss on financial assets at fair value through profit or loss		(8,271,615)	(12,148,606)
Net foreign exchange losses		<u>(63,951)</u>	<u>(672,439)</u>
NET INVESTMENTS AND EXCHANGE LOSSES			
		(8,335,566)	(12,821,045)
LOSS BEFORE TAX			
		<u>(5,591,133)</u>	<u>(7,976,561)</u>
Withholding tax credit	5	<u>49,796</u>	<u>968,293</u>
DECREASE IN NET ASSET ATTRIBUTABLE TO UNITHOLDERS			
		<u>(5,541,337)</u>	<u>(7,008,268)</u>

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

STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB	2016 RMB
ASSETS			
Financial assets at fair value through profit or loss	7	252,174,405	331,887,035
Interest receivable		7,430,710	10,802,450
Deposits and other receivable		5,605	17,395
Cash and cash equivalents	8	<u>8,326,701</u>	<u>16,170,138</u>
TOTAL ASSETS		<u>267,937,421</u>	<u>358,877,018</u>
LIABILITIES			
Redemption payable		475,579	1,566,873
Management fee payable	4	540,569	388,432
Trustee fee payable	4	40,000	42,415
Other payables		345,769	270,926
Tax payable		4,677,190	5,044,716
Distributions payable to unitholders		<u>734,510</u>	<u>1,274,549</u>
TOTAL LIABILITIES		<u>6,813,617</u>	<u>8,587,911</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u>261,123,804</u>	<u>350,289,107</u>
NUMBER OF UNITS IN ISSUE			
- Class A-DIST-RMB		20,114,700.50	27,194,604.59
- Class I-ACC-USD		209,113.74	160,944.19
- Class A-DIST-USD		<u>667,936.79</u>	<u>890,639.90</u>
NET ASSET VALUE PER UNIT			
- Class A-DIST-RMB		RMB 10.18	RMB 10.39
- Class I-ACC-USD		USD 11.11	USD 10.19
- Class A-DIST-USD		<u>USD 9.45</u>	<u>USD 9.05</u>

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

Year ended 31 December 2017

	Number of Units	RMB
At 1 January 2016	53,214,620.89	715,272,410
Subscription of units		
- Class A-DIST-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-DIST-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 and 1 January 2017	28,246,188.68	350,289,107
Subscription of units		
- Class A-DIST-RMB	426,567.03	4,407,379
- Class I-DIST-USD	48,169.55	3,445,800
- Class A-DIST-USD	<u>17,986.93</u>	<u>1,119,708</u>
	492,723.51	8,972,887
Redemption of units		
- Class A-DIST-RMB	(7,506,471.12)	(77,546,499)
- Class A-DIST-USD	<u>(240,690.04)</u>	<u>(15,050,354)</u>
	(7,747,161.16)	(92,596,853)
Decrease in net assets attributable to unitholders		(5,541,337)
At 31 December 2017	<u>20,991,751.03</u>	<u>261,123,804</u>

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Note	2017 RMB	2016 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(5,591,133)	(7,976,561)
Adjustments for:			
Dividend to unitholders		10,192,418	18,708,249
Decrease in financial assets at fair value through profit or loss		79,712,630	336,186,950
Decrease in interest receivable		3,371,740	11,538,842
Decrease in deposits and other receivable		11,790	150,400
Increase/(decrease) in management fee payable		152,137	(382,956)
Decrease in trustee fee payable		(2,415)	(40,417)
Increase/(decrease) in other payables		74,843	(24,963)
Cash generated from operations		87,922,010	358,159,544
Tax paid		(317,730)	(40,352)
Net cash flows generated from operating activities		<u>87,604,280</u>	<u>358,119,192</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		8,972,887	16,844,200
Payments for redemption of units		(93,688,147)	(376,164,054)
Distribution to unitholders		(10,732,457)	(20,083,536)
Net cash flows used in from financing activities		<u>(95,447,717)</u>	<u>(379,403,390)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,843,437)	(21,284,198)
Cash and cash equivalents at beginning of year		<u>16,170,138</u>	<u>37,454,336</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>8,326,701</u>	<u>16,170,138</u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash at banks	8	<u>8,326,701</u>	<u>16,170,138</u>
Net cash used in operating activities includes:			
Dividend received		637,611	1,062,533
Interest income on bank deposits and deposit reserve		36,553	160,924

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

STATEMENT OF DISTRIBUTION

Year ended 31 December 2017

	Note	RMB
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-DIST-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-DIST-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-DIST-RMB		
- USD0.04 per unit for Class A-DIST-USD		
- RMB0.04 per unit for Class I-DIST-RMB		
Distribution on 5 May 2016 (Record date: 27 April 2016)	6	(1,572,311)
- RMB0.03 per unit for Class A-DIST-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-DIST-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-DIST-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-DIST-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-DIST-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 2017

	Note	RMB
Distribution on 13 October 2016 (Record date: 28 September 2016)	6	(1,726,679)
- RMB0.04 per unit for Class A-DIST-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-DIST-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-DIST-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-DIST-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>
DECREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR YEAR ENDED 31 DECEMBER 2017		(5,541,337)
Add: - finance costs – distribution to unitholders		10,192,418
- Net change in unrealised gain on financial assets at fair value through profit or loss		<u>294,721</u>
Undistributed income before distribution for the year		4,945,802
Distribution on 7 February 2017 (Record date: 24 January 2017)	6	(961,939)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 3 March 2017 (Record date: 24 February 2017)	6	(933,319)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 7 April 2017 (Record date: 29 March 2017)	6	(923,124)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 May 2017 (Record date: 26 April 2017)	6	(913,120)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		

CHINAAMC SELECT RMB BOND FUND
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STATEMENT OF DISTRIBUTION (continued)

Year ended 31 December 2017

	Note	RMB
Distribution on 5 June 2017 (Record date: 25 May 2017)	6	(896,285)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 July 2017 (Record date: 28 June 2017)	6	(881,929)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 3 August 2017 (Record date: 27 July 2017)	6	(862,851)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 September 2017 (Record date: 29 August 2017)	6	(803,393)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 11 October 2017 (Record date: 27 September 2017)	6	(773,647)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 3 November 2017 (Record date: 27 October 2017)	6	(763,870)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 December 2017 (Record date: 28 November 2017)	6	(743,967)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 4 January 2018 (Record date: 27 December 2017)	6	(734,974)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Transfer from undistributed net distributable income reserve		<u>5,246,616</u>
Undistributed income at 31 December 2017		<u><u>-</u></u>

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

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 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 2017, 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. not less than 80% of its net assets) investing in People's Republic of China ("PRC") Renminbi ("RMB") fixed income securities.

2.1 BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the SFC Code.

The financial statements have been prepared under the historical cost basis, except for financial assets classified at fair value through profit or loss that have been measured at fair value. The financial statements are presented in RMB and all values are rounded to the nearest RMB except where otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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.

<i>Amendments to IAS 7</i>	<i>Statement of Cash Flows: Disclosure Initiative</i>
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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> ¹
IFRS 15	<i>Revenue from Contracts with Customers</i> ¹

¹ 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

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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 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.

NOTES TO THE FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Subsequent measurement

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either

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

NOTES TO THE FINANCIAL STATEMENTS

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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 2017

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 2017

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 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 2017

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 2017

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.

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 2017 was RMB3,720,348 (2016: RMB6,435,306). As at 31 December 2017, management fee of RMB540,569 (2016: RMB388,432) 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 2017 was RMB480,003 (2016: RMB688,767). As at 31 December 2017, trustee fee of RMB40,000 (2016: RMB42,415) was payable to the Trustee.

Custodian and RQFII Local Custodian fee

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

The Custodian and RQFII Local Custodian fee for the year ended 31 December 2017 were RMB221,733 (2016: RMB378,516).

NOTES TO THE FINANCIAL STATEMENTS

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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) imposed on securities issued by PRC tax resident enterprises.

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 2017 was RMB49,796 (2016: RMB968,293).

Value-Added Tax

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.

Subsequently, Circular Caishui [2016] 140 ("Circular 140") and Circular Caishui [2017] 2 ("Circular 2") were issued. However, there was still a lack of clarification on whether asset management products should be subject to VAT. Later on, Circular Caishui [2017] 56 was issued. There was a clarification about Circular 36, stipulating that PRC VAT shall be applied to non-government bond interests received by offshore asset management products on or after 1 May 2016. It also stipulated that asset management products would be subject to VAT starting from January 1, 2018.

The prevailing VAT regulations do not specifically exempt VAT on interest income received by QFIs, RQFIs and qualified foreign financial institutions for directly investing in China Interbank Bond Market or via Bond Connect ("CIBM investor") from investments in PRC debt securities. Interest receipts from investment in PRC debt securities by QFIs, RQFIs and CIBM investors shall be subject to 6% VAT unless special exemption applies. In addition, there are also other local surtaxes that would amount to as high as 13% of VAT liabilities. The State Administration of Taxation is working on the implementation rule for the VAT collection in relation to asset management products. 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.

Interest income derived from government bonds issued by the Ministry of Finance, or bonds issued by local government of a province, autonomous region, municipality directly under the Central Government or municipality separately listed on the state plan, as approved by the State Council ("Government Bonds") is exempt from PRC withholding tax and VAT. And according to Circular 36 and Caishui [2016] 46, deposit interest income is not subject to VAT.

For PRC VAT on interest income applicable from 1 May 2016 onwards, the Manager did not accrue the provision as at 31 December 2017. The potential PRC VAT and local surcharges have been quantified as approximately RMB 198,915 (2016: Nil) on any non-government bond interest received by the Sub-Fund on or after 1 May 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

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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-DIST-RMB</u>	2017 RMB	2016 RMB
Distribution paid on 7 February 2017 (Record date: 24 January 2017) 2017: RMB0.03 per unit (2016: RMB0.03 per unit)	779,447	1,343,268
Distribution paid on 3 March 2017 (Record date: 24 February 2017) 2017: RMB0.03 per unit (2016: RMB0.03 per unit)	766,500	1,305,211
Distribution paid on 7 April 2017 (Record date: 29 March 2017) 2017: RMB0.03 per unit (2016: RMB0.04 per unit)	757,913	1,665,308
Distribution paid on 5 May 2017 (Record date: 26 April 2017) 2017: RMB0.03 per unit (2016: RMB0.03 per unit)	747,267	1,211,378
Distribution paid on 5 June 2017 (Record date: 25 May 2017) 2017: RMB0.03 per unit (2016: RMB0.03 per unit)	735,465	1,153,478
Distribution paid on 5 July 2017 (Record date: 28 June 2017) 2017: RMB0.03 per unit (2016: RMB0.04 per unit)	720,606	1,508,958
Distribution paid on 3 August 2017 (Record date: 27 July 2017) 2017: RMB0.03 per unit (2016: RMB0.03 per unit)	702,613	1,118,012
Distribution paid on 5 September 2017 (Record date: 29 August 2017) 2017: RMB0.03 per unit (2016: RMB0.03 per unit)	654,519	1,106,478
Distribution paid on 11 October 2017 (Record date: 27 September 2017) 2017: RMB0.03 per unit (2016: RMB0.04 per unit)	629,486	1,454,758
Distribution paid on 3 November 2017 (Record date: 27 October 2017) 2017: RMB0.03 per unit (2016: RMB0.03 per unit)	620,073	1,022,516

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

NOTES TO THE FINANCIAL STATEMENTS

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6. DISTRIBUTION (continued)

<u>Class A-DIST-RMB</u> (continued)	2017 RMB	2016 RMB
Distribution paid on 5 December 2017 (Record date: 28 November 2017) 2017: RMB0.03 per unit (2016: RMB0.03 per unit)	606,719	876,641
Distribution paid on 4 January 2018 (Record date: 27 December 2017) 2017: RMB0.03 per unit (2016: RMB0.04 per unit)	<u>603,959</u>	<u>1,088,319</u>
	<u>8,324,567</u>	<u>14,854,325</u>
 <u>Class I-DIST-RMB</u>	 2017 RMB	 2016 RMB
Distribution paid on 7 February 2017 (Record date: 24 January 2017) 2017: Nil (2016: RMB0.03 per unit)	-	28,589
Distribution paid on 3 March 2017 (Record date: 24 February 2017) 2017: Nil (2016: RMB0.03 per unit)	-	25,888
Distribution paid on 7 April 2017 (Record date: 29 March 2017) 2017: Nil (2016: RMB0.04 per unit)	-	34,518
Distribution paid on 5 May 2017 (Record date: 26 April 2017) 2017: Nil (2016: RMB0.03 per unit)	-	24,988
Distribution paid on 5 June 2017 (Record date: 25 May 2017) 2017: Nil (2016: RMB0.03 per unit)	-	24,989
Distribution paid on 5 July 2017 (Record date: 28 June 2017) 2017: Nil (2016: RMB0.04 per unit)	-	33,319
Distribution paid on 3 August 2017 (Record date: 27 July 2017) 2017: Nil (2016: RMB0.03 per unit)	-	21,718
Distribution paid on 5 September 2017 (Record date: 29 August 2017) 2017: Nil (2016: RMB0.03 per unit)	-	21,718

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

6. DISTRIBUTION (continued)

<u>Class I-DIST-RMB</u> (continued)	2017 RMB	2016 RMB
Distribution paid on 11 October 2017 (Record date: 27 September 2017) 2017: Nil (2016: RMB0.04 per unit)	-	19,157
Distribution paid on 3 November 2017 (Record date: 27 October 2017) 2017: Nil (2016: RMB0.03 per unit)	-	14,368
	-	249,252
<u>Class A-DIST-USD</u>	2017 RMB	2016 RMB
Distribution paid on 7 February 2017 (Record date: 24 January 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	182,492	431,552
Distribution paid on 3 March 2017 (Record date: 24 February 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	166,819	358,777
Distribution paid on 7 April 2017 (Record date: 29 March 2017) 2017: USD0.03 per unit (2016: USD0.04 per unit)	165,211	447,775
Distribution paid on 5 May 2017 (Record date: 26 April 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	165,853	335,945
Distribution paid on 5 June 2017 (Record date: 25 May 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	160,820	308,071
Distribution paid on 5 July 2017 (Record date: 28 June 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	161,323	276,984
Distribution paid on 3 August 2017 (Record date: 27 July 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	160,238	267,882

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

6. DISTRIBUTION (continued)

<u>Class A-DIST-USD</u> (continued)	2017 RMB	2016 RMB
Distribution paid on 5 September 2017 (Record date: 29 August 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	148,874	261,647
Distribution paid on 11 October 2017 (Record date: 27 September 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	144,161	252,764
Distribution paid on 3 November 2017 (Record date: 27 October 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	143,797	242,370
Distribution paid on 5 December 2017 (Record date: 28 November 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	137,248	234,581
Distribution paid on 4 January 2018 (Record date: 27 December 2017) 2017: USD0.03 per unit (2016: USD0.03 per unit)	<u>131,015</u>	<u>186,324</u>
	<u>1,867,851</u>	<u>3,604,672</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 RMB	2016 RMB
Held for trading		
- debt securities	240,816,009	311,462,215
- collective investment scheme	<u>11,358,396</u>	<u>20,424,820</u>
Total financial assets at fair value through profit or loss	<u>252,174,405</u>	<u>331,887,035</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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

When a price for an identical asset or liability is not observable, the Sub-Fund measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, the Sub-Fund's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

Even when there is no observable market to provide pricing information about the sale of an asset or the transfer of a liability at the measurement date, a fair value measurement shall assume that a transaction takes place at that date, considered from the perspective of a market participant that holds the asset or owes the liability. That assumed transaction establishes a basis for estimating the price to sell the asset or to transfer the liability.

The 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 collective investment scheme and categories the investments within Level 2. Transactions in those collective investment schemes do not occur on a regular basis. Those collective investment schemes are valued based on the NAV per share published by the administrator of those schemes and therefore the Sub-Fund classifies all of its collective investment schemes as 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.

CHINAAMC SELECT RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets measured at fair value as at 31 December 2017 and 31 December 2016.

31 December 2017

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets held for trading:				
- Debt securities	-	240,816,009	-	240,816,009
- Collective investment scheme	-	11,358,396	-	11,358,396
	-	252,174,405	-	252,174,405

31 December 2016

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

There are no investments classified within Level 1 and Level 3 and no transfers between levels for the year ended 31 December 2017 (2016: Nil).

A detailed portfolio listing is set out on page 37.

8. CASH AND CASH EQUIVALENTS

	2017 RMB	2016 RMB
Cash at banks	8,326,701	16,170,138

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.

CHINAAMC SELECT RMB BOND FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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.

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 RMB	2016 RMB
Net assets attributable to unitholders as at last business day for the year (calculated in accordance with Explanatory Memorandum)	261,070,182	350,250,983
Differences between last business day and last calendar day:		
Interest Income	83,288	57,679
Operating expense	(21,576)	(13,847)
Withholding tax	(8,090)	(5,708)
Net assets attributable to unitholders as at last calendar day for the year	<u>261,123,804</u>	<u>350,289,107</u>
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>261,123,804</u>	<u>350,289,107</u>
Net assets attributable to unitholders (per unit) as at last business day for the year (calculated in accordance with Explanatory Memorandum)		
Class A-DIST-RMB	RMB 10.18	RMB 10.39
Class I-ACC-USD	USD 11.11	USD 10.19
Class A-DIST-USD	<u>RMB 9.45</u>	<u>RMB 9.05</u>
Net assets attributable to unitholders (per unit) as at (calculated in accordance with IFRSs)		
Class A-DIST-RMB	RMB 10.18	RMB 10.39
Class I-ACC-USD	USD 11.11	USD 10.19
Class A-DIST-USD	<u>RMB 9.45</u>	<u>RMB 9.05</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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 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 2017. The analysis is based on the assumption that the underlying investments in collective investment scheme 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 2017				
Held-for-trading	11,358,396	4	1 (1)	113,584 (113,584)
31 December 2016				
Held-for-trading	20,424,820	6	1 (1)	204,248 (204,248)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

Market risk (continued)

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.

	Change in basis points	Sensitivity of interest income increase/(decrease) RMB	Sensitivity of Change in fair value of investments (decrease)/increase RMB
31 December 2017			
- Debt securities	+ 25	11,516	(998,163)
- Debt securities	- 25	(11,516)	998,163
31 December 2016			
- Debt securities	+ 25	753,560	(1,907,189)
- Debt securities	- 25	(753,560)	1,907,189

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 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.

CHINAAMC SELECT RMB BOND FUND
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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 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.

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 RMB'000	Within 1 month RMB'000	1 month to 3 months RMB'000	More than 3 months to 1 year RMB'000	Total RMB'000
As at 31 December 2017					
<u>Financial assets</u>					
Financial assets at fair value					
through profit or loss	-	252,174	-	-	252,174
Interest receivable	-	897	2,959	3,575	7,431
Deposits and other receivable	-	6	-	-	6
Cash and cash equivalents	8,327	-	-	-	8,327
Total financial assets	8,327	253,077	2,959	3,575	267,938

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

Liquidity risk (continued)

	On demand RMB'000	Within 1 month RMB'000	1 month to 3 months RMB'000	More than 3 months to 1 year RMB'000	Total RMB'000
As at 31 December 2017					
<u>Financial liabilities</u>					
Redemption payable	-	476	-	-	476
Management fee payable	-	541	-	-	541
Trustee fee payable	-	40	-	-	40
Other payables	-	38	-	308	346
Distributions payable to unitholders	-	735	-	-	735
Net assets attributable to unitholders*	261,124	-	-	-	261,124
Total financial liabilities	261,124	1,830	-	308	263,262

* Subject to redemption terms of the Sub-Fund.

As at 31 December 2016

<u>Financial assets</u>					
Financial assets at fair value					
through profit or loss	-	331,887	-	-	331,887
Interest receivable	-	557	3,315	6,931	10,803
Deposit and other receivable	-	3	14	-	17
Cash and cash equivalents	16,170	-	-	-	16,170
Total financial assets	16,170	332,447	3,329	6,931	358,877
<u>Financial liabilities</u>					
Redemption payable	-	1,567	-	-	1,567
Management fee payable	-	388	-	-	388
Trustee fee payable	-	42	-	-	42
Other payables	-	39	-	232	271
Distributions payable to unitholders	-	1,275	-	-	1,275
Net assets attributable to unitholders*	350,289	-	-	-	350,289
Total financial liabilities	350,289	3,311	-	232	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 2017

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

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.

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 2017</u>	RMB	Credit rating	Source of credit rating
<u>Banks</u>			
Bank of China (Hong Kong) Limited	490,651	A+	S&P
Bank of China Limited	7,836,050	A+	S&P
<u>RQFII Local Custodian</u>			
Bank of China Limited	252,174,405	A+	S&P
 <u>31 December 2016</u>			
<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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

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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 RMB36,540 (2016: RMB159,954). Further details of the balances held are described in notes 7 and 8 to the financial statements.

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 were 543,490.96 units and 2,428,623.54 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 25 April 2018.

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

INVESTMENT PORTFOLIO

31 December 2017

	Nominal Value/ Quantity	Fair Value	% of net asset
LISTED FIXED INCOME SECURITIES			
China			
BEIJING CONSTRUCTION ENGINEERING GROUP 5.95% A 05JUL2019	10,000,000	4,010,000	1.54%
DALIAN PORT PDA CO LTD 5.3% A 23MAY2021	31,000	30,690	0.01%
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.95% A 06MAY2021	6,000,000	5,668,800	2.17%
JIANGXI WANNIANQING CEMENT CO LTD 6.85% A 12SEP2019	10,000,000	10,270,000	3.93%
LANZHOU CITY DEVELOPMENT INVESTMENT CO LTD 8.2% A 15DEC2018	20,000,000	8,278,000	3.17%
RUSHAN CITY STATE-OWNED ASSET OPERATION CO LTD 6.9% A 11SEP2020	21,000,000	13,020,000	4.99%
SANY HEAVY INDUSTRY CO LTD CB 1% A 04JAN2022	1,500,000	1,818,300	0.70%
SHANGHAI ELECTRIC GROUP CO LTD CB 1% A 02FEB2021	4,000,000	3,944,000	1.51%
SHANGHAI NANFANG GROUP CO LTD 6.7% A 09SEP2019	20,000,000	10,100,000	3.87%
SHANXI YONGDONG CHEMISTRY INDUSTRY CO LTD CB 0.5% A 16APR2023	1,999,600	2,074,385	0.79%
SHENZHEN HONGTAO DECORATION CO LTD CB 0.6% A 29JUL2022	1,000,000	922,970	0.35%
WUHAN DANGDAI TECHNOLOGY INDUSTRY GROUP CO LTD 3.75% A 21MAR2021	6,000,000	5,864,400	2.25%
XJ ELECTRIC CO LTD 6.75% A 30NOV2018	20,000,000	20,180,000	7.73%
ZHEJIANG GEELY HLDG GROUP CO LTD 5.9% A 24JAN2020	10,000,000	10,060,000	3.85%
ZHUHAI PORT 6.8% A 01MAR2019	15,000,000	15,198,000	5.82%
Total of listed fixed income securities		<u>111,439,545</u>	<u>42.68%</u>
UNLISTED FIXED INCOME SECURITIES			
China			
ALUMINUM CORP OF CHINA 4.78% A 03APR2018	10,000,000	9,970,840	3.82%
CHINA DEVELOPMENT BANK CORP 4.04% A 10APR2027	10,000,000	9,346,910	3.58%
GUIZHOU RAILWAY INVESTMENT CO LTD 7.2% A 27MAR2022	20,000,000	20,477,480	7.84%
SHANXI JINCHENG ANTHRACITE MINING GROUP CO LTD 4.67% A 09JAN2018	10,000,000	9,995,210	3.83%
TIANJING HANBIN INVESTMENT CO LTD 8.39% A 22MAR2019	30,000,000	12,159,540	4.65%
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 6.5% A 08JUN2018	10,000,000	10,016,550	3.84%
WUZHOU URBAN RURAL CONSTRUCTION INVESTMENT DEVELOPMENT CO LTD 7.18% A 12OCT2020	20,000,000	12,217,420	4.68%
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	40,000,000	16,225,280	6.21%
YANZHOU COAL MINING CO LTD 6.19% A PERP	10,000,000	9,992,350	3.83%
Total of unlisted fixed income securities		<u>110,401,580</u>	<u>42.28%</u>
LISTED FLOATING INCOME SECURITIES			
China			
CHUZHOU CITY CONSTRUCTION INVESTMENT CO LTD 1YR S+3.05% A 30NOV2021	20,092,000	18,974,884	7.26%
Total of listed floating income securities		<u>18,974,884</u>	<u>7.26%</u>
UNLISTED COLLECTIVE INVESTMENT SCHEMES			
China			
CHINA AMC CASH INCOME FUND-A	11,358,396	11,358,396	4.35%
Total of unlisted collective investment scheme		<u>11,358,396</u>	<u>4.35%</u>
Total investment portfolio (cost: RMB 255,999,537)		252,174,405	96.57%
Other net assets		<u>8,949,399</u>	<u>3.43%</u>
Total net assets as at 31 December 2017		<u>261,123,804</u>	<u>100.00%</u>

CHINAAMC SELECT RMB BOND FUND
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STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS

31 December 2017

	As at 31 December 2016	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
FIXED INCOME SECURITIES					
China					
ALUMINUM CORP OF CHINA 4.78% A 03APR2018	-	10,000,000	-	-	10,000,000
BEIJING CONSTRUCTION ENGINEERING GROUP 5.95% A 05JUL2019	14,000,000	10,000,000	-	(14,000,000)	10,000,000
CHANGSHA HIGH TECHNOLOGY DEVELOPMENT CORP 7.3% A 22NOV2017	6,997,000	-	-	(6,997,000)	-
CHINA DEVELOPMENT BANK CORP 4.04% A 10APR2027	-	10,000,000	-	-	10,000,000
CHINA GOVT BOND 3.52% S/A 04MAY2027	-	10,000,000	-	(10,000,000)	-
CHINA HUADIAN CORP 3.6% A 21JUL2017	-	10,000,000	-	(10,000,000)	-
DALIAN PORT PDA CO LTD 5.3% A 23MAY2021	-	31,000	-	-	31,000
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.95% A 06MAY2021	-	6,000,000	-	-	6,000,000
GUIZHOU RAILWAY INVESTMENT CO LTD 7.2% A 27MAR2022	20,000,000	20,000,000	-	(20,000,000)	20,000,000
JIANGXI WANNIANQING CEMENT CO LTD 6.85% A 12SEP2019	10,000,000	8,000,000	-	(8,000,000)	10,000,000
JIANGXI WANNIANQING CEMENT CO LTD 7.05% A 18OCT2017	10,000,000	-	-	(10,000,000)	-
KANGMEI PHARMACEUTICAL CO LTD 6% A 21JUN2018	5,000,000	-	-	(5,000,000)	-
KUNMING IRON AND STEEL HLDGS CO LTD 5.78% A 26APR2020	20,000,000	-	-	(20,000,000)	-
LANZHOU CITY DEVELOPMENT INVESTMENT CO LTD 8.2% A 15DEC2018	20,000,000	20,000,000	-	(20,000,000)	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
SANY HEAVY INDUSTRY CO LTD CB 1% A 04JAN2022	-	4,502,000	-	(3,002,000)	1,500,000
SHANGHAI ELECTRIC GROUP CO LTD CB 1% A 02FEB2021	-	4,000,000	-	-	4,000,000
SHANGHAI NANFANG GROUP CO LTD 6.7% A 09SEP2019	20,000,000	20,000,000	-	(20,000,000)	20,000,000
SHANXI JINCHENG ANTHRACITE MINING GROUP CO LTD 4.67% A 09JAN2018	-	10,000,000	-	-	10,000,000
SHANXI YONGDONG CHEMISTRY INDUSTRY CO LTD CB 0.5% A 16APR2023	-	1,999,600	-	-	1,999,600
SHENZHEN HONGTAO DECORATION CO LTD CB 0.6% A 29JUL2022	-	1,000,000	-	-	1,000,000
STATE POWER INVESTMENT CORP 5.1% A 15AUG2017	-	10,000,000	-	(10,000,000)	-
TENGZHOU CITY STATE-OWNED ASSET OPERATION CO LTD 6.45% A 24MAY2018 (PAID DOWN)	10,000,000	10,000,000	-	(20,000,000)	-
TIANJING HANBIN INVESTMENT CO LTD 8.39% A 22MAR2019	30,000,000	30,000,000	-	(30,000,000)	30,000,000
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 6.5% A 08JUN2018	10,000,000	10,000,000	-	(10,000,000)	10,000,000
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 7% A 08JUN2017	10,000,000	-	-	(10,000,000)	-
WENZHO ANJUFANG CITY DEVELOPMENT CO LTD 7.65% A 24APR2019	50,000,000	-	-	(50,000,000)	-
WUHAN DANGDAI TECHNOLOGY INDUSTRY GROUP CO LTD 3.75% A 21MAR2021	6,000,000	-	-	-	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
XIANYANG CITY CONSTRUCTION INVESTMENT CO LTD 7.9% A 09DEC2017	10,000,000	-	-	(10,000,000)	-
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	40,000,000	40,000,000	-	(40,000,000)	40,000,000
XJ ELECTRIC CO LTD 6.75% A 30NOV2018	-	40,000,000	-	(20,000,000)	20,000,000
YANZHOU COAL MINING CO LTD 6.19% A PERP	10,000,000	10,000,000	-	(10,000,000)	10,000,000
ZHEJIANG GEELY HLDG GROUP CO LTD 5.9% A 24JAN2020	10,000,000	-	-	-	10,000,000
ZHUHAI PORT 6.8% A 01MAR2019	15,000,000	-	-	-	15,000,000
Total of fixed income securities	367,997,000	336,532,600	-	(397,999,000)	306,530,600

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

STATEMENT OF MOVEMENT IN PORTFOLIO HOLDINGS (continued)

31 December 2017

	As at 31 December 2016	Movement in holdings			As at 31 December 2017
		Addition	Bonus/ Dividends	Disposal	
FLOATING INCOME SECURITIES					
China					
CHUZHOU CITY CONSTRUCTION INVESTMENT CO LTD 1YR S+3.05% A 30NOV2021	20,000,000	20,101,200	-	(20,009,200)	20,092,000
Total of floating income securities	20,000,000	20,101,200	-	(20,009,200)	20,092,000
COLLECTIVE INVESTMENT SCHEMES					
China					
CHINA AMC CASH INCOME FUND-A	20,424,820	74,933,576	-	(84,000,000)	11,358,396
CHINA AMC TIANLI MONEY MARKET FUND-A	-	10,000,000	-	(10,000,000)	-
CHINA AMC TIANLI MONEY MARKET FUND-B	-	20,000,000	56,452	(20,056,452)	-
Total of collective investment scheme	20,424,820	104,933,576	56,452	(114,056,452)	11,358,396
Total investment portfolio	408,421,820	461,567,376	56,452	(532,064,652)	337,980,996

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

PERFORMANCE TABLE

Net asset value attributable to unitholders

		Net asset value per unit	Net asset value
As at 31 December 2017			
- Class A-DIST-RMB	RMB	10.18	204,849,719
- Class I-ACC-USD	USD	11.11	15,147,036
- Class A-DIST-USD	USD	9.45	41,127,049
As at 31 December 2016			
- Class A-DIST-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-DIST-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-DIST-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

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

PERFORMANCE TABLE (continued)

Net asset value attributable to unitholders (continued)

Highest issue price and lowest redemption price per unit¹

		Highest issue price per unit		Lowest redemption price per unit
Year ended 31 December 2017				
- Class A-DIST-RMB	RMB	10.42	RMB	10.17
- Class I-ACC-USD	USD	11.15	USD	10.21
- Class A-DIST-USD	USD	9.62	USD	9.05
Year ended 31 December 2016				
- Class A-DIST-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-DIST-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-DIST-RMB	RMB	10.71	RMB	9.95
- Class I-DIST-RMB	RMB	10.59	RMB	10.00
- Class I-ACC-USD	USD	10.63	USD	10.00
- Class A-DIST-USD	USD	10.55	USD	9.99
- Class I-ACC-RMB	RMB	10.38	RMB	9.99
Year ended 31 December 2013				
- Class A-DIST-RMB	RMB	10.56	RMB	9.95
Period from 21 February 2012 (date of inception) to 31 December 2012				
- Class A-DIST-RMB	RMB	10.36	RMB	9.99

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

