

ChinaAMC Investment Trust

ChinaAMC China Focus Fund (Formerly known as China Select Fund - a sub-fund of Citi Investment Trust (Cayman) II)

Annual Report

For the year ended 31 December 2017



**CHINAAMC CHINA FOCUS FUND
- A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND -
A SUB-FUND OF CITI INVESTMENT TRUST (CAYMAN) II)**

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

FOR THE YEAR ENDED 31 DECEMBER 2017

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**CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

ADMINISTRATION AND MANAGEMENT

Manager (effective from 28 July 2017)

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)

Trustee (effective from 28 July 2017)

Cititrust Limited
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

Transfer Agent

Citicorp Financial Services Limited
Citi Tower
One Bay East
83 Hoi Bun Road
Kwun Tong, Kowloon
Hong Kong

Auditor

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

Former Manager (terminated on 28 July
2017)

Citigroup First Investment Management
Limited
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

Custodian and Administrator

Citibank N.A., Hong Kong Branch
50/F, Champion Tower
Three Garden Road
Central, Hong Kong

Former Trustee (terminated on 28 July 2017)

Cititrust (Cayman) Limited
Queensgate House, P.O. Box 1093
Grand Cayman KY1-1102
Cayman Islands

Legal Counsel to the Manager

Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Hong Kong

**CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
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MANAGER'S REPORT

Market Review

The Hong Kong indices have risen every month in 2017 except September amid an upbeat global equities outlook, improved corporate earnings and sustained inflows from Chinese investors through southbound connect. The yield on 10-year Chinese government bonds has come near to three years high, reflecting worries over effort by authorities on deleveraging. Growth does not appear to be a major concern in China's equity market. Both the Manufacturing and Services Purchasing Managers Index released on 29 November 2017 showed continued robust growth, and both came in at levels above consensus estimates. We saw profit taking trends in the market as investors were trying to lock in profit approaching year-end after the rally during the year. On economic side, November's macro data that announced in December was not encouraging. Except for import and export data, Purchasing Managers Index and retail sales growth were below market expectation. The major reason behind that was related to the environmental protection inspection in industrial sectors in November and December had cause some slowdown in industrial production.

Looking ahead to 2018, we are optimistic about the overall market environment. The Hong Kong stock market will likely stay at a high level amid volatilities. Although the upbeat performance in overseas markets could buoy Hong Kong equities, we expect further room for earnings upward revisions is rather limited for major stocks, as the overall valuations of Hong Kong stocks are approaching a reasonable level after the year-to-date rally. In the absence of catalysts, Hong Kong equities may undergo corrections after the third-quarter result season, but selective stocks with better-than expected performances may outperform the market. As China is gradually shifting its economy away from an investment-driven growth model to a consumption-driven model, we expect the new economic sectors will be playing an increasingly important role in China's GDP growth. We believe China's macro-economy is set for steady growth in 2018, and the quality of growth may continue to improve. In terms of portfolio positioning, we will continue to focus on sectors that benefit from the enlarged middle-class in China and their increased income levels.

China Asset Management (Hong Kong) Limited
26 April 2018

**CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
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TRUSTEE'S REPORT TO UNITHOLDERS

We hereby confirm that, in our opinion, Citigroup First Investment Management Limited (for the period from 1 January 2017 to 27 July 2017), and China Asset Management (Hong Kong) Limited (for the period from 28 July 2017 to 31 December 2017), have in all material respects, managed ChinaAMC China Focus Fund – a sub-fund of ChinaAMC Investment Trust (formerly known as China Select Fund - a sub-fund of Citi Investment Trust (Cayman) II) in accordance with the provisions of the Trust Deed dated 7 October 2010, as supplemented, amended and restated from time to time , for the year ended 31 December 2017.

For and on behalf of
Cititrust Limited

Trustee
26 April 2018

**CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
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STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

China Asset Management (Hong Kong) Limited (the "Manager"), the manager of the ChinaAMC China Focus Fund (the "Sub-Fund"), a sub-fund of ChinaAMC Investment Trust (the "Trust"), is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code") and the trust deed dated 7 October 2010, as supplemented, amended and restated from time to time (the "Trust Deed") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on a liquidation basis as the Manager intends to wind up the Sub-Fund by way of a voluntary liquidation.

The Manager is also required to manage the Sub-Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

The Trust is an umbrella unit trust governed by its Trust Deed. As at 31 December 2017, the Trust has established one sub-fund.

Trustee's responsibilities

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting year on the conduct of the Manager in the management of the Sub-Fund.

Independent Auditor's Report

To the Unitholders of ChinaAMC China Focus Fund (a sub-fund of ChinaAMC Investment Trust) (Formerly known as China Select Fund – a sub-fund of Citi Investment Trust (Cayman) II)

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of ChinaAMC China Focus Fund (the “Sub-Fund”), a sub-fund of ChinaAMC Investment Trust (Formerly known as China Select Fund, a sub-fund of Citi Investment Trust (Cayman) II) set out on pages 8 to 32, which comprise:

- the statement of financial position as at 31 December 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Sub-Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The Trustee and the Manager (the “Management”) of the Sub-Fund are responsible for the other information. The other information comprises all of 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 Unitholders of ChinaAMC China Focus Fund (a sub-fund of ChinaAMC Investment Trust)
(Formerly known as China Select Fund – a sub-fund of Citi Investment Trust (Cayman) II)

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management determines 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 Management of the Sub-Fund is 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 Management either intends to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 7 October 2010, as supplemented, amended and restated from time to time ("Trust Deed"), and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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 disclosure provisions of the Trust Deed and the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

Independent Auditor's Report (Continued)

To the Unitholders of ChinaAMC China Focus Fund (a sub-fund of ChinaAMC Investment Trust)
(Formerly known as China Select Fund – a sub-fund of Citi Investment Trust (Cayman) II)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the Management'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 Management 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 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 SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 April 2018

**CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

(Expressed in United States dollars)

	<i>Notes</i>	<i>2017</i>	<i>2016</i>
Assets			
Cash and cash equivalents	7(g)	\$ 18,383,586	\$ 2,072,999
Financial assets at fair value through profit or loss	3, 10(a)	48,848,715	80,413,268
Amounts due from brokers		-	362,785
Subscription receivable		198,968	90,566
Total assets		<u>\$ 67,431,269</u>	<u>\$ 82,939,618</u>
Liabilities			
Amounts due to brokers		\$ -	\$ 881,620
Redemption payable		17,287,982	159,567
Accruals and other payables		1,718,310	182,373
Total liabilities (excluding net assets attributable to unitholders)		<u>\$ 19,006,292</u>	<u>\$ 1,223,560</u>
Net assets attributable to unitholders	8(a)	<u>\$ 48,424,977</u>	<u>\$ 81,716,058</u>

The notes on pages 12 to 32 are an integral part of these financial statements.

**CHINAAMC CHINA FOCUS FUND – A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars)

	<i>Notes</i>	<i>2017</i>	<i>2016</i>
Interest income	7(g)	\$ 4,991	\$ 355
Dividend income		1,387,872	1,683,189
Net gain/(loss) on financial assets at fair value through profit or loss	5	29,207,976	(11,528,294)
Net foreign exchange loss		(38,955)	(47,444)
Other income	4	-	384,894
Total income/(loss)		<u>\$ 30,561,884</u>	<u>\$ (9,507,300)</u>
Transaction cost	7(h)	\$ (779,971)	\$ (1,830,994)
Management fee	7(a)	(1,357,490)	(1,656,060)
Performance fee	7(b)	(795,868)	-
Administration fee	7(c)	(65,977)	(69,344)
Audit fee		(19,500)	(34,959)
Trustee fee	7(d)	(9,989)	(10,000)
Custodian fee	7(e)	(38,144)	(37,867)
Financial statements preparation fee	7(f)	(11,230)	(10,989)
Registrar fee		(506)	-
Legal fee		(13,566)	(7,447)
Professional fee		(5,050)	-
Bank charges	7(g)	(41)	(82)
Interest expense		(87)	(4)
Others		(15,895)	(4,117)
Total operating expenses		<u>\$ (3,113,314)</u>	<u>\$ (3,661,863)</u>
Profit/(loss) before tax		<u>\$ 27,448,570</u>	<u>\$ (13,169,163)</u>
Withholding tax expenses	4	(56,923)	(109,226)
Increase/(decrease) in net assets attributable to unitholders from operations for the year		<u>\$ 27,391,647</u>	<u>\$ (13,278,389)</u>

The notes on pages 12 to 32 are an integral part of these financial statements.

**CHINAAMC CHINA FOCUS–FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars)

	<i>2017</i>	<i>2016</i>
Balance at the beginning of the year	\$ 81,716,058	\$ 116,378,048
	-----	-----
Transactions with unitholders		
Subscription	\$ 31,169,641	\$ 33,377,864
	-----	-----
Redemption	\$ (91,852,369)	\$ (54,761,465)
	-----	-----
Total transactions with unitholders	\$ (60,682,728)	\$ (21,383,601)
	-----	-----
Increase/(decrease) in net assets attributable to unitholders from operations for the year	\$ 27,391,647	\$ (13,278,389)
	-----	-----
Balance at the end of the year	\$ 48,424,977	\$ 81,716,058
	=====	=====

The notes on pages 12 to 32 are an integral part of these financial statements.

**CHINAAMC CHINA FOCUS–FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars)

	<i>Note</i>	2017	2016
Operating activities			
Increase/(decrease) in net assets attributable to unitholders from operations for the year		\$ 27,391,647	\$ (13,278,389)
Adjustments for:			
Interest income		(4,991)	(355)
Dividend income		(1,387,872)	(1,683,189)
Withholding tax expenses		56,923	109,226
		<hr/>	<hr/>
Operating profit/(loss) before changes in working capital		\$ 26,055,707	\$ (14,852,707)
Decrease in financial assets at fair value through profit or loss		31,564,553	32,304,627
Decrease in amounts due from brokers		362,785	2,006,388
Decrease in amounts due to brokers		(881,620)	(2,702,325)
Increase in accruals and other payables		1,535,937	(772,396)
Interest received		4,991	355
Dividend received, net of withholding tax paid		1,330,949	1,573,963
		<hr/>	<hr/>
Net cash generated from operating activities		\$ 59,973,302	\$ 17,557,905
Financing activities			
Proceeds from unit subscriptions		\$ 31,061,239	\$ 33,326,803
Payments on unit redemptions		(74,723,954)	(56,142,304)
		<hr/>	<hr/>
Net cash used in financing activities		\$ (43,662,715)	\$ (22,815,501)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		\$ 16,310,587	\$ (5,257,596)
Cash and cash equivalents at the beginning of the year		2,072,999	7,330,595
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	7(g)	\$ 18,383,586	\$ 2,072,999
		<hr/>	<hr/>
Analysis of cash and cash equivalents			
Cash at bank	7(g)	\$ 18,383,586	\$ 2,072,999
		<hr/>	<hr/>

The notes on pages 12 to 32 are an integral part of these financial statements.

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars, unless otherwise indicated)

1 General Information

ChinaAMC China Focus Fund (the “Sub-Fund”) (formerly known as China Select Fund – A Sub-fund of Citi Investment Trust (Cayman) II) is a sub-fund of ChinaAMC Investment Trust (the “Trust”), which is an open-ended unit trust established under the laws of Hong Kong pursuant to a trust deed dated 7 October 2010, as supplemented, amended and restated from time to time (the “Trust Deed”), between Citigroup First Investment Management Limited as manager (the “Former Manager”) and Cititrust (Cayman) Limited as trustee (the “Former Trustee”). The Former Manager appointed China Asset Management (Hong Kong) Limited as the sub-manager for managing the investment portfolio of the Sub-Fund.

Redomicile of the Trust and the Sub-Fund

The Trust was initially established as an exempted trust under the laws of the Cayman Islands. With effect from 28 July 2017, the Trust shall take effect in accordance with the laws of Hong Kong and the laws of Hong Kong shall be the governing law of the Trust.

Pursuant with the supplemental deeds dated 28 July 2017, the Former Manager retired as manager of the Sub-Fund and China Asset Management (Hong Kong) Limited (the “Manager”) was appointed as manager of the Sub-Fund with effect from 28 July 2017. On the same day, the Former Trustee retired as trustee of the Sub-Fund and Cititrust Limited (the “Trustee”) was appointed as trustee of the Sub-Fund.

The Sub-Fund is authorised by the Hong Kong Securities and Futures Commission (the “SFC”) under Section 104 of the Hong Kong Securities and Futures Ordinance, and governed by the Hong Kong Code on Unit Trusts and Mutual Funds (the “Code”) issued by the SFC. The Sub-Fund was authorised by the SFC on 1 November 2010 and the first dealing day was 10 December 2010.

The investment objective of the Sub-Fund is to provide unitholders with long term capital growth through exposure to the equities and equity-related instruments of Mainland China-related companies.

It is expected that approximately 70% to 100% of the Sub-Fund’s portfolio will be invested directly or indirectly in equity securities issued by companies which are listed, or being offered in an initial public offer, on an official stock markets in Hong Kong, Mainland China (A Share and B Share markets), the United States, Singapore and other countries or regions. The Sub-Fund will gain exposure access to the A Share markets by investing in access products and via the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the “Stock Connect”).

The custodian and administration functions are delegated to Citibank, N.A. Hong Kong Branch (the “Custodian” and the “Administrator”).

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars, unless otherwise indicated)

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager’s and the Trustee’s (collectively the “Management”) exercise of judgment in the process of applying the Sub-Fund’s accounting policies.

All references to “net assets” or “net asset value” throughout these financial statements refer to net assets attributable to unitholders unless otherwise stated.

New standards, amendments and interpretations that are effective and have been adopted by the Sub-Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2017 that would be expected to have a significant impact on the Sub-Fund.

New standards, amendments and interpretations that are not yet effective and have not been early adopted by the Sub-Fund

IFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars, unless otherwise indicated)

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Sub-Fund has undertaken a detailed assessment and does not expect the new standard to have a significant impact on the Sub-Fund.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Sub-Fund.

(b) Foreign currency translation

(i) Functional and presentation currency

The subscriptions and redemptions of the units of the Sub-Fund are denominated in United States dollars ("USD"). The performance of the Sub-Fund is measured and reported to unitholders in USD. Management considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is the Sub-Fund's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the financial position date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents is presented in the statement of comprehensive income within "net foreign exchange gain/(loss)".

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within "net gains/(losses) on financial assets at fair value through profit or loss".

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars, unless otherwise indicated)

2 Summary of significant accounting policies (Continued)

(c) Financial assets at fair value through profit or loss

(i) Classification

The Sub-Fund classifies all of its investments as financial assets at fair value through profit or loss. These financial assets are classified as held for trading.

Financial assets held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as financial assets held for trading. The Sub-Fund does not classify any derivatives as hedges in a hedging relationship.

(ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value.

Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of comprehensive income within net gains on financial assets at fair value through profit or loss in the year in which they arise.

(iii) Fair value estimation

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets and financial liabilities held by the Sub-Fund is the last traded market price where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

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2 Summary of significant accounting policies (Continued)

(c) Financial assets at fair value through profit or loss (Continued)

(iii) Fair value estimation (Continued)

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Sub-Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Sub-Fund recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(d) Offsetting financial instruments

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

(e) Cash and cash equivalents

Cash and cash equivalents comprise deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Sub-Fund and the revenue and costs if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Interest income is recognised in profit or loss as it accrues using the effective interest rate method.
- (ii) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend. Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(g) Expenses

All expenses of the Sub-Fund are recognised in profit or loss on an accrual basis.

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2 Summary of significant accounting policies (Continued)

(h) Taxation

Taxation comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax also includes withholding taxes on investment income and capital gains.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

(i) Net gain or loss on financial assets at fair value through profit or loss

Net gain or loss on financial assets at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but exclude interest and dividend income.

(j) Units in issue

The Sub-Fund has multiple classes of redeemable units in issue. All the classes are the most subordinate classes of financial instruments in the Sub-Fund and rank pari passu in all material respects and have the same terms and conditions other than that different classes of unit are denominated in different currencies. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholders' share in the net assets of the applicable class of units of the Sub-Fund at the redemption date, and also in the event of the Sub-Fund's liquidation.

The redeemable units of the Sub-Fund are classified as financial liabilities and are measured at the present value of the redemption amounts.

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3 Financial assets at fair value through profit or loss

	2017	2016
China A Share access products:		
– Listed	\$ -	\$ 4,494,896
– Unlisted	-	15,266,834
	<hr/>	<hr/>
Hong Kong listed equity securities	\$ 48,848,715	\$ 19,761,730
	<hr/>	<hr/>
	<u>\$ 48,848,715</u>	<u>\$ 80,413,268</u>

As at 31 December 2016, China A Share access products held by the Sub-Fund include participation certificates, participation notes or covered warrants with their performance linked to China A Shares.

4 Taxation

Taxation in the statement of comprehensive income represents:

	2017	2016
Current tax - overseas		
Withholding tax on dividend income	\$ 56,923	\$ 109,226
	<hr/>	<hr/>

(i) Cayman Islands

Prior to 28 July 2017 (refer to Note 1 for detail), the Sub-Fund is exempt from paying taxes on income, profits or capital gains under the current taxation regime in the Cayman Islands. The Trust has received an undertaking from the Governor in Cabinet of the Cayman Islands exempting it from tax for a period of 50 years from the date of the creation of the Trust. Accordingly, no provision for income taxes is included in these financial statements.

(ii) Hong Kong

No provision for Hong Kong Profits Tax has been made in the financial statements as the Sub-Fund is exempted from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

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4 Taxation (Continued)

(iii) PRC

The Manager and the Trustee intend to manage and operate the Sub-Fund in such a manner that the Sub-Fund should not be treated as a tax resident enterprise of the PRC or a non-tax resident enterprise with an establishment or place of business in the PRC for Corporate Income Tax ("CIT") purposes. As such, it is expected that the Sub-Fund should not be subject to CIT on an assessment basis and would only be subject to CIT on a withholding basis to the extent the Sub-Fund directly derives PRC sourced income.

Under the current general provision of the PRC Corporate Income Tax Law and published tax circulars, foreign corporate investors would be subject to PRC withholding tax at the rate of 10% in respect of certain types of their PRC sourced income earned, such as capital gains, dividend income and interest income.

On 14 November 2014, The Ministry of Finance (the "MoF"), the State Administration of Taxation (the "SAT") and the China Securities Regulatory Commission (the "CSRC") promulgated the "Notice on the temporary exemption of Corporate Income Tax on capital gains derived from the transfer of PRC equity investment assets such as PRC domestic stocks by QFII and Renminbi Qualified Foreign Institutional Investors ("RQFIIs")" (the "Notice No. 79"). According to the Notice No. 79, (i) CIT is imposed on capital gains derived by QFIIs and RQFIIs from the transfer of PRC equity investment assets including China A Shares prior to 17 November 2014 in accordance with laws; and (ii) QFIIs and RQFIIs without an establishment or place of business in the PRC is temporarily exempt from CIT on capital gains derived from the transfer of PRC equity investment assets including China A Shares effective from 17 November 2014. In light of the notice, the AP Issuers have generally agreed not to withhold any amounts representing CIT in respect of capital gains realised from 17 November 2014 onwards on an actual sale of the notional underlying China A Shares of any access products.

The "Notice on the tax policies related to the pilot program of the Shanghai-Hong Kong Stock Connect" (the "Notice No. 81") promulgated by the MoF, the SAT and the CSRC states that CIT is temporarily exempted on capital gains derived by Hong Kong and overseas investors including the Sub-Fund on the trading of China A Shares through the Stock Connect.

It should be noted that both Notice No. 79 and Notice No. 81 state that the exemptions are temporary only and when the PRC authorities announce the expiration of such exemptions, the AP Issuers and the Sub-Fund may need to recommence provisioning for future potential tax liabilities.

No PRC withholding tax provision had been made on any China A Shares or China A Share access products since 17 November 2014.

Several brokers have previously withheld PRC tax of \$384,894 on behalf of the Sub-Fund in relation to capital gains of China A Share access products for the year ended 31 December 2016. Such amount has been refunded to the Sub-Fund and recognised as an other income for the year ended 31 December 2016.

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5 Net gain/(loss) on financial assets at fair value through profit or loss

	2017	2016
Net realised gain/(loss)	\$ 15,341,252	\$ (4,945,851)
Net change in unrealised gain or loss in financial assets at fair value through profit or loss	13,866,724	(6,582,443)
	<u>\$ 29,207,976</u>	<u>\$ (11,528,294)</u>

6 Soft commission

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 for the years ended 31 December 2017 and 31 December 2016. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

7 Related party transactions

The following is a summary of significant related party transactions or transactions entered into during the year between the Sub-Fund and the Trustee and its related parties, the Manager and its connected persons ("Connected Persons"). Connected Persons are those as defined in the Code issued by the SFC. All transactions during the year between the Sub-Fund and the Manager and its Connected Persons were entered into in the ordinary course of business and under normal commercial terms. To the best of the knowledge of the Trustee and the Manager, the Sub-Fund did not have any other transactions with Connected Persons except for those disclosed below.

(a) Management fee

The fee payable to the Manager (Prior to 28 July 2017: Former Manager) is calculated at 1.8% (2016: 1.8%) per annum of the net asset value of the Sub-Fund. It is accrued daily and payable monthly in arrears. The management fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2017 amounted to \$1,357,490 (2016: \$1,656,060) and \$860,216 (2016: \$127,413) respectively.

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7 Related party transactions (Continued)

(b) Performance fee

The Manager (Prior to 28 July 2017: Former Manager) is also entitled to a performance fee. The performance fee is calculated accrued on each valuation day (i.e. daily basis) and will be payable at the last valuation day of the financial year. The performance fee in respect of each unit will be equal to 10% (2016: 10%) of the appreciation in the net asset value per unit during the year above the highest net asset value per share at the last day in any previous financial year end in which the performance fee was paid for the relevant class.

The performance fee charged for the year ended 31 December 2017 and the amount payable by the Sub-Fund as at 31 December 2017 amounted to \$795,868 and \$795,868 respectively. No performance fee was charged for the year ended 31 December 2016.

(c) Administration fee

The fee payable to the Administrator is calculated at 0.075% per annum of the net asset value of the Sub-Fund, subject to a minimum fixed fee of \$5,500 per month. It is accrued daily and payable monthly in arrears. The administration fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2017 amounted to \$65,977 (2016: \$69,344) and \$5,605 (2016: \$5,606) respectively.

(d) Trustee fee

The fee payable to the Trustee (Prior to 28 July 2017: Former Trustee) is \$10,000 per annum. It is accrued daily and payable in arrears on a monthly basis. The trustee fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2017 amounted to \$9,989 (2016: \$10,000) and \$1,671 (2016: \$849) respectively.

(e) Custodian fee

The fee payable to the Custodian is calculated at 0.03% per annum of the net asset value of the Sub-Fund. It is accrued daily and payable in arrears on a monthly basis. The custodian fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2017 amounted to \$38,144 (2016: \$37,867) and \$3,157 (2016: \$2,124) respectively.

(f) Financial statements preparation fee

The Administrator is entitled to a financial statements preparation fee of \$7,000 per annum. The financial statements preparation fee charged for the year and the amount payable by the Sub-Fund as at 31 December 2017 amounted to \$11,230 (2016: \$10,989) and \$8,915 (2016: \$12,674) respectively.

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7 Related party transactions (Continued)

(g) Cash and cash equivalents

All bank balances of the Sub-Fund are held in interest bearing accounts with Citibank, N.A., Hong Kong Branch. As at 31 December 2017, the balances amounted to \$18,383,586 (2016: \$2,072,999). During the year, the interest earned from these bank balances and the bank charges amounted to \$4,991 (2016: \$355) and \$41 (2016: \$82) respectively.

(h) Transaction costs

In the purchase and sales of investments, the Sub-Fund utilises the brokerage services of fellow subsidiaries of the Former Manager. Details of the transactions effected through these entities are as follows:

	2017	2016
Commission paid for the year	\$ 456,237	\$ 745,179
Average rate of commission	0.46%	0.41%
Total aggregate value of transactions for the year	\$ 99,958,645	\$ 182,539,476
Percentage of such transactions in value to total transactions for the year	34.58%	41.62%

At 31 December 2016, China A Share access products with total market value of \$4,494,896 were issued by an intermediate holding company of the Former Manager and transacted through a fellow subsidiary of the Former Manager. The Sub-Fund did not hold any China A Share access products at 31 December 2017.

(i) Unit holdings

Two unitholders of the Sub-Fund are fellow subsidiaries of the Former Manager. These fellow subsidiaries held a total of 17.92% of the units in the Sub-Fund as at 31 December 2016.

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8 Net assets attributable to unitholders

(a) Units issued and redeemed

Number of units:

	<i>2017</i>					
	<i>AUD units</i>	<i>EUR units</i>	<i>GBP units</i>	<i>HKD units</i>	<i>SGD units</i>	<i>USD units</i>
At 1 January 2017	34,077	9,923	4,888	3,791,026	183,492	7,178,493
Subscription of units during the year	-	-	-	-	182	2,352,000
Redemption of units during the year	(22,868)	(3,869)	-	(1,810,892)	(60,094)	(6,661,393)
At 31 December 2017	<u>11,209</u>	<u>6,054</u>	<u>4,888</u>	<u>1,980,134</u>	<u>123,580</u>	<u>2,869,100</u>
	<i>2016</i>					
	<i>AUD units</i>	<i>EUR units</i>	<i>GBP units</i>	<i>HKD units</i>	<i>SGD units</i>	<i>USD units</i>
At 1 January 2016	111,036	20,380	4,888	5,434,101	284,686	8,855,462
Subscription of units during the year	-	-	-	35,513	4,768	3,154,681
Redemption of units during the year	(76,959)	(10,457)	-	(1,678,588)	(105,962)	(4,831,650)
At 31 December 2016	<u>34,077</u>	<u>9,923</u>	<u>4,888</u>	<u>3,791,026</u>	<u>183,492</u>	<u>7,178,493</u>

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8 Net assets attributable to unitholders (Continued)

(a) Units issued and redeemed (Continued)

	2017	2016
Total number of units in issue		
AUD units	11,209	34,077
EUR units	6,054	9,923
GBP units	4,888	4,888
HKD units	1,980,314	3,791,026
SGD units	123,580	183,492
USD units	2,869,100	7,178,493
	<hr/>	<hr/>
Net asset value per unit in local currency		
AUD units	AUD 17.250	AUD 12.980
EUR units	EUR 16.464	EUR 13.041
GBP units	GBP 9.921	GBP 7.471
HKD units	HKD 15.127	HKD 10.446
SGD units	SGD 15.334	SGD 11.540
USD units	USD 14.933	USD 10.398
	<hr/>	<hr/>

The Trust and the Sub-Fund do not have any externally imposed capital requirements. As at 31 December 2017, the Sub-Fund had net assets attributable to unitholders of \$48,156,911 (2016: \$81,716,058). The Sub-Fund strives to invest funds received from the issuance of redeemable units in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet the funding needs when unitholders redeem their units.

The Manager may from time to time permit unitholders to convert some or all of their units of any Class into units of any other Class whether in respect of the Sub-Fund or any other sub-funds of the Trust which have been authorised by the SFC.

(b) Distributions

The Sub-Fund does not intend to pay dividends or other distributions for the current year.

9 Financial instruments and associated risks

The Sub-Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests according to the investment strategy. The risks that the Sub-Fund is exposed to are market risk, credit risk and liquidity risk. Market risk includes price risk, interest rate risk and currency risk.

The Sub-Fund maintains an investment portfolio in a variety of listed equity securities and China A Share access products as dictated by its investment management strategy.

The nature and extent of the financial instruments outstanding at the end of the reporting period and the risk management policies employed by the Sub-Fund are discussed below.

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9 Financial instruments and associated risks (Continued)

(a) Market risk

All investments held by the Sub-Fund are measured at fair value through profit or loss, and all changes in market conditions directly affect profit or loss. Market risk is the risk that the value of the investments will fluctuate as a result of changes in prices, interest rates or exchange rates.

(i) Price risk

Price risk is the risk that value of the instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

The Sub-Fund is exposed to price risk arising from changes in market price of listed equity securities.

The following table shows the net market exposure of the Sub-Fund by industry:

By industry	2017 % investment portfolio	2016 % investment portfolio
Financials	19.51	15.38
Industrial	7.29	15.80
Consumer	24.07	16.27
Energy	2.30	3.58
Health care	12.08	10.79
Information technology	23.00	21.25
Materials	4.86	9.98
Real estate	4.83	2.20
Others	2.06	4.75
	100.00	100.00

As at 31 December 2017 and 2016, the Sub-Fund had no investment which was larger than 10% of the Sub-Fund's net asset value.

The Sub-Fund's market price 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 and 31 December 2016. The analysis is based on the assumption that the underlying investments in equity securities increased/decreased by a reasonable possible shift, with all other variables held constant.

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9 Financial instruments and associated risks (Continued)

(a) Market risk (Continued)

(i) Price risk (Continued)

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

	Carrying value of financial assets at fair value through profit or loss HKD	% of net assets %	Shift in underlying securities increase/ (decrease) %	Estimated possible change in net asset value increase/ (decrease) HKD
31 December 2017				
Financial assets at fair value through profit or loss	48,848,715	101	5	2,442,436
			(5)	(2,442,436)
31 December 2016				
Financial assets at fair value through profit or loss	60,651,538	74	5	3,032,577
			(5)	(3,032,577)

The directors have used their view of what would be a “reasonable shift” in each key market to estimate the impact in the market sensitivity analysis above.

(ii) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments and therefore result in a potential gain or loss to the Sub-Fund. Except for bank deposits, all the financial assets and liabilities of the Sub-Fund is non-interest bearing. As a result, the Sub-Fund has limited exposure to interest rate risk.

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9 Financial instruments and associated risks (Continued)

(a) Market risk (Continued)

(iii) Currency risk

The Sub-Fund may invest in financial instruments and enter into transactions that are denominated in currencies other than its functional currency. Consequently, the Sub-Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value of that portion of the Sub-Fund's financial assets or liabilities denominated in currencies other than USD. The Manager monitors the Sub-Fund's foreign currency exposures on an ongoing basis.

Currency sensitivity

As at the reporting date, had the USD weakened by 5% in relation to respective currencies, with all other variables held constant, net assets attributable to unitholders and total comprehensive income for the year would have increased by the amounts shown below.

<i>Currencies</i>	<i>2017</i>		<i>2016</i>	
	<i>Net exposure</i>	<i>Change in net assets attributable to unitholders if USD weakened by 5%</i>	<i>Net exposure</i>	<i>Change in net assets attributable to unitholders if USD weakened by 5%</i>
Australian Dollars	\$ 262	\$ 13	\$ 3,842	\$ 192
Euros	87	4	138	7
Chinese Yuan	8,901,198	445,060	2,190,792	109,540
British Pounds	749	37	683	34
Singapore Dollars	91	5	1,781	89
Total	\$ 8,902,387	\$ 445,119	\$ 2,197,236	\$ 109,862

A 5% strengthening of the USD against the above currencies would have resulted in an equal but opposite effect on the financial statements, on the basis that all other variables remain constant.

The net exposure in Hong Kong dollars ("HKD") as at 31 December 2017 was \$34,240,533 (2016: \$51,858,727). As the HKD is pegged to the USD, the Sub-Fund does not expect any significant movement in USD/HKD exchange rate.

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9 Financial instruments and associated risks (Continued)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Sub-Fund. The Sub-Fund's exposure to credit risk is monitored by the Manager on an ongoing basis. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. This relates to financial assets carried at amortised cost, as they have short term to maturity.

The Sub-Fund is also subject to credit and counterparty risk associated with each AP Issuer and may suffer losses potentially equal to the full value of the China A Share access products issued by an AP Issuer if such AP Issuer fails to perform its obligations under the China A Share access products.

The Manager mitigates the counterparty risk associated with the Sub-Fund by putting in place appropriate counterparty risk management procedures. The Manager monitors the credit rating of the brokers on an ongoing basis.

The table below sets out the net exposure of the Sub-Fund to counterparties as at 31 December 2017 and 31 December 2016 together with their credit ratings provided by Standard & Poor's rating services:

	2017		2016	
	<i>Credit rating</i>	<i>Net exposure to counterparties</i>	<i>Credit rating</i>	<i>Net exposure to counterparties</i>
Cash				
Citibank N.A. Hong Kong Branch	A1	18,383,586	A1	2,072,999
Financial assets at fair value through profit or loss				
Citibank N.A. Hong Kong Branch	A1	48,848,715	A1	60,651,538
AP Issuers				
BOCI Financial Products Limited	-	-	No rating	7,807,800
Citigroup Global Markets Holdings Inc.	-	-	BBB+	4,494,896
Standard Chartered Bank	-	-	A+	-
UBS AG	-	-	A+	7,459,034
		-		19,761,730

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9 Financial instruments and associated risks (Continued)

(c) Liquidity risk

Liquidity risk arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. As unitholders may realise units on any Dealing Day, the Sub-Fund is exposed to liquidity risk of meeting unitholder redemptions.

At 31 December 2017, the Sub-Fund's investments in listed equity investments are considered to be readily realisable because they are traded on major stock exchanges.

At 31 December 2016, the Sub-Fund's financial assets include unlisted China A Share access products, which are generally illiquid. As a result, the Sub-Fund may not be able to liquidate some of its investments in these instruments in due time to meet its liquidity requirements.

Analysis of liabilities by remaining maturity

The following table details the remaining contractual maturities of the Sub-Fund's liabilities as at 31 December 2017 and 31 December 2016:

	<u>2017</u>					<i>Total</i>
	<i>Repayable on demand</i>	<i>Within 1 month</i>	<i>Over 1 month to 3 months</i>	<i>Over 3 months to 1 year</i>	<i>No specified maturity</i>	
Non-trading liabilities						
Amounts due to brokers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Redemption payable	-	17,287,982	-	-	-	17,287,982
Accruals and other payables	-	876,075	-	842,235	-	1,718,310
Net assets attributable to unitholders	48,424,977	-	-	-	-	48,424,977
	<u>\$ 48,424,977</u>	<u>\$ 18,164,057</u>	<u>\$ -</u>	<u>\$ 842,235</u>	<u>\$ -</u>	<u>\$ 67,431,269</u>
	<u>2016</u>					
	<i>Repayable on demand</i>	<i>Within 1 month</i>	<i>Over 1 month to 3 months</i>	<i>Over 3 months to 1 year</i>	<i>No specified maturity</i>	<i>Total</i>
Non-trading liabilities						
Amounts due to brokers	\$ -	\$ 881,620	\$ -	\$ -	\$ -	\$ 881,620
Redemption payable	-	159,567	-	-	-	159,567
Accruals and other payables	-	148,666	-	33,707	-	182,373
Net assets attributable to unitholders	81,716,058	-	-	-	-	81,716,058
	<u>\$ 81,716,058</u>	<u>\$ 1,189,853</u>	<u>\$ -</u>	<u>\$ 33,707</u>	<u>\$ -</u>	<u>\$ 82,939,618</u>

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars, unless otherwise indicated)

10 Fair value information

(a) Financial instruments carried at fair value

The following table presents the fair value of the Sub-Fund's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	<i>2017</i>			<i>Total</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
Hong Kong listed equity securities	48,848,715	-	-	48,848,715
	<u>\$ 48,848,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,848,715</u>
	<i>2016</i>			<i>Total</i>
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	
China A Share access products	\$ -	\$ 18,566,142	\$ 1,195,588	\$ 19,761,730
Listed equity securities	60,651,538	-	-	60,651,538
	<u>\$ 60,651,538</u>	<u>\$ 18,566,142</u>	<u>\$ 1,195,588</u>	<u>\$ 80,413,268</u>

During the year ended 31 December 2017 and 31 December 2016, there were no transfers among instruments in Level 1, Level 2 and Level 3.

As at 31 December 2016, the Level 3 financial instruments were China A Share access products where the underlying equity securities were suspended for trading.

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars, unless otherwise indicated)

10 Fair value information (Continued)

(a) Financial instruments carried at fair value (Continued)

The fair value of suspended financial instruments is valued based on valuation techniques as set out in note 2(c)(iii). The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The table below presents the reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	<i>China A Share access products</i>
Balance at 1 January 2017	\$ 1,195,588
Net gain recognised in the statement of comprehensive income*	28,428,005
Purchases	(75,730,934)
Sales	46,107,341
Transfers into Level 3	-
Transfers out of Level 3	-
	<hr/>
Balance at 31 December 2017	\$ -
	<hr/> <hr/>
Balance at 1 January 2016	\$ -
Net loss recognised in the statement of comprehensive income*	(9,214)
Purchases	1,893,952
Sales	(689,150)
Transfers into Level 3	-
Transfers out of Level 3	-
	<hr/>
Balance at 31 December 2016	\$ 1,195,588
	<hr/> <hr/>

* Includes unrealised gain/(loss) recognised in the statement of comprehensive income of \$Nil during the year for the Level 3 investments.

As at 31 December 2017, the unrealised gain/(loss) recorded in the statement of financial position in respect of the Level 3 investments is \$Nil (2016: \$48,850).

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(Expressed in United States dollars, unless otherwise indicated)

10 Fair value information (Continued)

(a) Financial instruments carried at fair value (Continued)

Quantitative information of significant unobservable inputs - Level 3

The table below sets out information about significant unobservable inputs used at 31 December 2016 in measuring the financial instruments categorised as Level 3 in the fair value hierarchy.

	<i>Fair value as at 31 December 2016</i>	<i>Valuation technique</i>	<i>Unobservable Input</i>	<i>Sensitivity to changes in significant unobservable inputs</i>
China A Share access products	\$ 1,195,588	Market approach using comparable multiples	Discount for lack of marketability Discount for company specific factor	The estimated fair value would decrease if the discounts were higher.

Quantitative information of significant unobservable inputs - Level 3

Significant unobservable inputs are developed as follows:

- Discount for lack of marketability: Represents the discount applied to the comparable market multiples to reflect the illiquidity of the portfolio companies relative to the comparable peer group. Management determines the discount for lack of marketability based on its judgement after considering market liquidity conditions.
- Discount for company specific factor: Represents the discount applied to reflect the latest development of the company.

Although the Sub-Fund believes that its fair value estimate is appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For measurement in Level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects on net assets attributable to unitholders.

As at 31 December 2016, it is estimated that the cumulative effect of an increase/decrease in each of the discount rates applied to the valuation of the Level 3 investments to 10% would decrease/increase the net assets attributable to unitholders by \$239,118.

(b) Fair values of financial instruments carried at other than fair value

The financial instruments not measured at fair value through profit or loss is short-term financial assets and financial liabilities whose carrying amounts approximate fair value.

As at 31 December 2017, cash and cash equivalents, subscription receivable, redemption payable, accruals and other payables, net assets attributable to unitholders were classified as Level 2. As at 31 December 2016, cash and cash equivalents, subscription receivable, amounts due from/(to) brokers, redemption payable, accruals and other payables, net assets attributable to unitholders were classified as Level 2.

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

**INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2017**

(Expressed in United States dollars)

Country	<i>Holdings</i>	<i>Market value</i>	<i>% of total net assets</i>
Hong Kong listed equities			
AAC TECHNOLOGIES HOLDINGS IN	63,500	1,132,344	2.34
AGRICULTURAL BK CH 'H' CNY1	552,000	257,029	0.53
BAIC MOTOR CORP LTD-H 1958	1,358,500	1,769,087	3.66
BANK OF CHINA LTD - H CNY1	1,566,000	769,245	1.59
BEIJING TONG REN TANG CHINESE MEDICINE	580,000	787,942	1.63
CHINA AIRCRAFT LEASING GROUP	131,500	137,433	0.28
CHINA CONSTRUCTION BANK-H	914,000	841,823	1.74
CHINA GAS HOLDINGS LTD HKD0.01	364,800	1,007,977	2.09
CHINA HARMONY NEW ENERGY AUT 3836	1,618,500	1,180,129	2.44
CHINA LITERATURE LTD	111,499	1,188,826	2.46
CHINA PARTYTIME CULTURE HOLD 1532	8,721,000	557,800	1.15
CHINA RESOURCES CEMENT	1,558,000	1,024,407	2.12
CHINA TAIPING INSURANCE HOLDIN	174,000	652,167	1.35
CHINA YUHUA EDUCATION CORP L	680,000	340,986	0.71
CHINA ZHENG TONG AU HKD 0.10	1,651,500	1,671,079	3.46
CIFI HOLDINGS GROUP CO LTD CIFI HOLDINGS	624,000	375,965	0.78
CNOOC LTD HKD0.02	545,000	782,224	1.62
COUNTRY GARDEN HOLDINGS CO HKD0.10	440,000	838,650	1.74
CSPC PHARMACEUTICAL GROUP LTD	1,092,000	2,204,304	4.56
FOSUN INTERNATIONAL HKD0.10	714,500	1,583,040	3.28
FUYAO GLASS INDUSTRY GROUP-H	180,000	758,699	1.57
GUANGZHOU R&F PROPERTIES - H	258,400	582,425	1.21
HAITIAN INTERNATIONAL HLDGS HKD0.10	258,000	775,585	1.6
IND & COMM BK OF CHINA-H	1,244,000	1,000,951	2.07
LIVZON PHARMACEUTICAL GROU-H	74,050	584,456	1.21
PETROCHINA CO LTD-H	492,000	343,007	0.71
PING AN INSURANCE GROUP CO-H 'H' CNY1	370,000	3,850,358	7.97
SHUN TAK HOLDINGS LTD	984,000	383,917	0.79
SINO BIOPHARMACEUTICAL HKD0.025	1,098,000	1,946,738	4.03
TENCENT HOLDINGS LTD ORD HKD0.0001	74,800	3,884,806	8.04
WH GROUP LTD	527,000	594,595	1.23
ZTE CORP-H CNY1	52,200	195,984	0.41
		-----	-----
		34,003,978	70.37
		-----	-----

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2017**

(Expressed in United States dollars)

Country	<i>Holdings</i>	<i>Market value</i>	<i>% of total net assets</i>
China listed equities			
ALUMINUM CORP OF CHINA LTD	264,100	328,094	0.68
ANGEL YEAST CO LTD-A 600298	32,500	163,297	0.34
BANK OF COMMUNICATIONS - A	216,600	206,553	0.43
BANK OF NANJING CO LTD - A	146,604	174,248	0.36
BANK OF NINGBO CO LTD -A 'A'CNY1	58,620	160,321	0.33
CHINA CITIC BANK CORP LTD-A	118,300	112,631	0.23
CHINA FIBERGLASS CO LTD-A	240,433	601,445	1.24
CHINA MERCHANTS BANK-A	40,163	178,980	0.37
CHINA MERCHANTS SECURITIES-A	74,420	196,105	0.41
CHINA PACIFIC INSURANCE GR-A	68,600	436,330	0.9
CHINA SOUTH LOCOMOTIVE -A	102,800	191,169	0.4
CHINA STATE CONSTRUCTION -A	133,500	184,914	0.38
CHINA VANKE CO LTD -A	78,200	372,983	0.77
FUYAO GROUP GLASS INDUSTR-A	50,400	224,445	0.46
GREE ELECTRIC APPLIANCES I-A 'A'CNY1	69,800	468,401	0.97
HAITONG SECURITIES CO LTD-A	56,700	112,058	0.23
HUATAI SECURITIES CO LTD-A	46,900	124,307	0.26
INDUSTRIAL BANK CO LTD	36,100	94,185	0.19
JIANGSU YANGHE BREWERY -A 'A'CNY1	20,694	365,446	0.76
KWEICHOW MOUTAI CO LTD-A	5,469	585,770	1.21
MIDEA GROUP CO LTD-A	38,900	331,112	0.69
NEW CHINA LIFE INSURANCE C-A	17,200	185,416	0.38
ORIENT SECURITIES CO LTD-A 600958	66,900	142,387	0.29
POLY REAL ESTATE GROUP CO -A	88,100	191,431	0.40
SANY HEAVY INDUSTRY CO LTD-A	69,600	96,939	0.20
SHANGHAI PHARMACEUTICALS-A	83,500	310,172	0.64
SINOLINK SECURITIES CO LTD-A	28,200	41,312	0.09
TONGKUN GROUP CO LTD-A	48,681	168,124	0.35
WANHUA CHEMICAL GROUP CO LTD	43,700	254,601	0.53
WULIANGYE YIBIN CO LTD-A 'A'CNY1	27,700	339,781	0.70
XCMG CONSTRUCTION MACHIN-A	293,856	208,928	0.43
YUNNAN BAIYAO GROUP CO LTD-A 000538	4,500	70,339	0.15
ZHEJIANG DAHUA TECHNOLOGY-A	103,300	366,273	0.76
		-----	-----
		7,988,497	16.53
		-----	-----

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2017**

(Expressed in United States dollars)

Country	<i>Holdings</i>	<i>Market value</i>	<i>% of total net assets</i>
United States listed equities			
ALIBABA GROUP HOLDING-SP ADR BABA	19,600	3,379,628	6.99
BAOZUN INC-SPN ADR BZUN	12,400	391,344	0.81
JD.COM INC-ADR JD.COM INC-ADR	29,500	1,221,890	2.53
NETEASE INC-ADR	5,400	1,863,378	3.86
		-----	-----
		6,856,240	14.19
		-----	-----
Total investments		48,848,715	101.09
<i>(Total cost of investments: \$35,696,619)</i>			
Other net assets		(423,738)	1.09
		-----	-----
Total net assets		48,424,977	100.00
		=====	=====

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT
TRUST (CAYMAN) II)**

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

	<i>% of total net assets 2017</i>	<i>% of total net assets 2016</i>
Listed China A Share access products	-	5.50
Unlisted China A Share access products	-	18.68
China listed equity securities	16.53	2.61
Hong Kong listed equity securities	70.37	61.15
United Kingdom listed equity security	-	1.34
United States listed equity securities	14.19	9.13
Total investments	<u>101.09</u>	<u>98.41</u>
Other net assets	<u>(1.09)</u>	<u>1.59</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT TRUST (CAYMAN) II)**

PERFORMANCE TABLE (UNAUDITED)

(Expressed in United States dollars, unless otherwise indicated)

	2017	2016	2015
Total net asset value for valuation purposes (calculated in accordance with the Explanatory Memorandum)	<u>\$ 48,424,977</u>	<u>\$ 81,723,290</u>	<u>\$ 116,682,058</u>
Net asset value per unit in unit denomination currency (calculated in accordance with the Explanatory Memorandum)			
- AUD units	AUD 17.250	AUD 12.980	AUD 14.591
- EUR units	EUR 16.464	EUR 13.041	EUR 14.300
- GBP units	GBP 9.921	GBP 7.472	GBP 7.074
- HKD units	HKD 15.127	HKD 10.446	HKD 11.793
- SGD units	SGD 15.334	SGD 11.540	SGD 12.798
- USD units	USD 14.933	USD 10.398	USD 11.743

**CHINAAMC CHINA FOCUS FUND - A SUB-FUND OF CHINAAMC INVESTMENT TRUST
(FORMERLY KNOWN AS CHINA SELECT FUND - A SUB-FUND OF CITI INVESTMENT TRUST (CAYMAN) II)**

PERFORMANCE TABLE (UNAUDITED) (CONTINUED)

(Expressed in United States dollars, unless otherwise indicated)

Price record in unit denomination currency during the year (calculated in accordance with the Explanatory Memorandum)³

	2017		2016		2015		2014		2013		2012		2011 ¹	
	<i>Lowest</i>	<i>Highest</i>	<i>Lowest</i>	<i>Highest</i>										
	<i>net asset</i>	<i>net asset</i>												
	<i>value</i>	<i>value</i>												
	<i>per unit</i>	<i>per unit</i>												
AUD units	13.078	18.239	11.599	14.202	13.115	20.676	10.986	15.128	10.049	12.862	8.501	9.861	8.397	10.218
EUR units	13.307	17.289	11.066	13.944	12.066	20.831	10.657	14.568	10.526	12.086	9.157	10.373	8.373	10.426
GBP units ²	7.577	10.411	5.632	8.378	5.946	12.151	10.397	12.199	10.499	12.344	8.997	10.246	8.729	10.554
HKD units	10.499	15.531	9.305	11.709	10.325	17.503	11.001	13.406	10.416	12.329	8.819	10.332	8.775	10.948
SGD units	11.649	15.953	9.954	12.276	11.088	18.011	10.562	13.585	10.072	11.962	8.606	9.856	8.549	10.391
USD units	10.446	15.350	9.228	11.649	10.281	17.459	11.007	13.401	10.429	12.332	8.823	10.330	8.759	10.995

¹ The financial period of the Sub-Fund extended from 28 October 2010 (date of inception) to 31 December 2011.

² The units of GBP class were fully redeemed on 4 September 2014 and reissued at GBP10 per unit on 15 January 2015. The highest and lowest net asset value per unit of 2014 and 2015 represented the values in the period from 1 January 2014 to 4 September 2014 and 15 January 2015 to 31 December 2015, respectively.

³ Past performance figures shown are not indicative of the future performance of the Sub-Fund.



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