

ChinaAMC Select Fund

**ChinaAMC Select China New Economy Fund**

Unaudited Semi-Annual Report

For the period from  
1 January 2018 to 30 June 2018



**华夏基金**  
**ChinaAMC**

UNAUDITED SEMI-ANNUAL REPORT

CHINAAMC SELECT CHINA NEW ECONOMY 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 period from 1 January 2018 to 30 June 2018

CHINAAMC SELECT CHINA NEW ECONOMY 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-china-new-economy-fund/documents.html>

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

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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ADMINISTRATION AND MANAGEMENT

**MANAGER**

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

**DIRECTORS OF THE MANAGER**

Yang Minghui  
Zhang Xiaoling  
Gan Tian  
Tang Xiaodong (appointed on 10 January 2018 and  
resigned on 27 April 2018)  
Li Yimei (appointed on 18 May 2018)  
Li Min (appointed on 18 May 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

REPORT OF THE MANAGER TO THE UNITHOLDERS

**Market Review and Fund Performance**

The investment theme in the first half of 2018 evolved much around volatility stemming from several external factors. The market welcomed the year with positive sentiment following People's Bank of China's liquidity release in the end of the preceding December, as well as the perceived optimism over global growth. As the MSCI inclusion of A-shares made headlines earlier this year, we have witnessed a sizable foreign capital inflow into the A-share market. The inclusion is believed to be a positive catalyst, aiding to attract more long-term institutional investors. As the year progressed, the raising trade tension between the US and China, intensified by Trump's recent decision of placing tariffs on USD 50 Billion of Chinese imports, has sparked a backlash in the already uncertain investment space, raising volatility in both A-share and H-share markets as we observe investors entering risk-off mode globally. Within the rate environment, FED hiked benchmark short-term interest rate by 25bps to 1.75%-2% in June, sending the RMB on a downward ride. Such weakness in RMB had also been reflected in the stock markets' negative reactions. On the other hand, liquidity in the A-share market was tight in the first half due to the ongoing deleveraging efforts by the Chinese government by tightening financial regulations and credit. We foresee a continued implementation of deleveraging in the second half to increase liquidity, along with a likely adjustment as an initial reaction to the escalating trade war.

Overall in the first two quarters, we have observed weaker than expected performance in the A-share and H-share markets due to tight liquidity and trade war concerns. In light of the weak sentiment and anticipation for continued volatility ahead, we maintain a cautious outlook. In the medium-to-long term, we believe that any large-scale, irrational corrections in the A-share and Hong Kong markets will represent buying opportunities for investors. The overall valuations of these markets are still lower than other major markets. During market corrections, the Sub-Fund will actively position into stocks that have profit potentials in the medium-to-longer term. We hold a positive view in the earnings growth of corporates, which should likely bear marginal impact from the aforementioned external factors. We also maintain confidence in consumption potential as the factor accounted for almost 80% of China's economic growth during the first half, and believe that its momentum will sustain throughout the year.

As published in the Notice to Unitholders dated 26 January 2018, the Manager would like to clarify that the Sub-Fund's aggregate exposure to securities issued in Mainland China market including but not limited to A-Shares, B-Shares, Onshore RMB Bonds and such other financial instruments permitted under applicable PRC regulations will not exceed 20% of its Net Asset Value. In addition, the Sub-Fund may invest not more than 20% of its Net Asset Value in American depositary receipts and exchange traded funds on an ancillary basis.

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period from 1 January 2018 to 30 June 2018

	For the period from 1 January 2018 to 30 June 2018 HKD	For the period from 1 January 2017 to 30 June 2017 HKD
INCOME		
Dividend income	712,903	354,386
Interest income on bank deposits	375	83
Other income	126,480	-
	<u>839,758</u>	<u>354,469</u>
EXPENSES		
Management fee	( 665,172)	( 96,761)
Trustee fee	( 119,333)	( 120,000)
Custodian fee	( 44,399)	( 24,512)
Auditors' remuneration	( 53,965)	( 62,400)
Brokerage fees and other transaction costs	( 323,897)	( 68,438)
Legal and professional fees	( 42,974)	( 9,271)
Other expenses	( 6,604)	( 32,956)
	<u>( 1,256,344)</u>	<u>( 414,338)</u>
Less: Reimbursement of expenses by the Manager	<u>3,411</u>	<u>159,128</u>
	<u>(1,252,933)</u>	<u>( 255,210)</u>
(LOSS)/ PROFIT BEFORE INVESTMENT GAIN/LOSS AND EXCHANGE DIFFERENCES	(413,175)	99,259
INVESTMENT GAIN/(LOSS) AND EXCHANGE DIFFERENCES		
Net (loss)/gain on financial assets at fair value through profit or loss	(9,195,656)	3,705,572
Net foreign exchange (loss)/gain	(7,634)	242
	<u>(9,203,290)</u>	<u>3,705,814</u>
(LOSS)/ PROFIT BEFORE TAX	<u>(9,616,465)</u>	<u>3,805,073</u>
Withholding taxes	<u>( 31,231)</u>	<u>( 30,491)</u>
(DECREASE)/ INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	<u><u>(9,647,696)</u></u>	<u><u>3,774,582</u></u>

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STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2018

	30 June 2018 (Unaudited) HKD	31 December 2017 (Audited) HKD
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	105,880,119	80,487,574
Cash and cash equivalents	18,672,783	14,427,556
Amounts due from the Manager	3,411	-
Amounts due from brokers	1,455,239	2,094,338
Prepayment and other receivables	412,801	199,360
<b>TOTAL ASSETS</b>	<b>126,424,353</b>	<b>97,208,828</b>
<b>LIABILITIES</b>		
Management fee payable	106,221	75,260
Trustee fee payable	19,333	20,000
Accrued expenses and other payables	184,038	130,278
Amounts due to brokers	2,150	6,254,214
Tax payable	31,231	-
<b>TOTAL LIABILITIES</b>	<b>342,973</b>	<b>6,479,752</b>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<b>126,081,380</b>	<b>90,729,076</b>
<b>NUMBER OF UNITS IN ISSUE</b>		
- Class I	10,192,532.94	6,954,074.45
<b>NET ASSET VALUE PER UNIT</b>		
- Class I	12.3700	13.0469

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)

For the period from 1 January 2018 to 30 June 2018

	Number of Units	HKD
As at 1 January 2018	6,954,074.45	90,729,076
Subscription of units - class I HKD	3,238,458.49	45,000,000
Decrease in net assets attributable to unitholders	<u>-</u>	<u>(9,647,696)</u>
As at 30 June 2018	<u>10,192,532.94</u>	<u>126,081,380</u>



CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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STATEMENT OF CASH FLOWS (UNAUDITED)

For the period from 1 January 2018 to 30 June 2018

	For the period from 1 January 2018 to 30 June 2018 HKD	For the period from 1 January 2017 to 30 June 2017 HKD
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/profit before tax	( 9,616,465)	3,805,073
Increase in financial assets at fair value through profit or loss	( 25,392,545)	( 2,964,645)
Decrease in amounts due from brokers	639,099	-
Increase in prepayment and other receivables	( 213,441)	( 313,976)
Increase in amount due from the Manager	( 3,411)	( 159,211)
Decrease in amounts due to brokers	( 6,252,064)	-
Increase in management fee payable	30,961	54,492
Decrease in trustee fee payable	( 667)	-
Increase/(decrease) in other expenses and payables	53,760	( 54,570)
Cash (used in)/generated from operations	( 40,754,773)	367,163
Tax paid	-	( 1,911)
Net cash flows (used in)/generated from operating activities	( 40,754,773)	365,252
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issue of units	45,000,000	-
Net cash flows generated from financing activities	45,000,000	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,245,227	365,252
Cash and cash equivalents at the beginning of the period	14,427,556	1,336,050
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>18,672,783</u>	<u>1,701,302</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash at banks	<u>18,672,783</u>	<u>1,701,302</u>

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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PERFORMANCE TABLE (UNAUDITED)

Net assets attributable to unitholders  
(calculated in accordance with the Trust Deed)

	Net asset value per unit HKD	Net assets attributable to unitholders HKD
As at 30 June 2018 (Unaudited)	<u>12.3700</u>	<u>126,081,380</u>
As at 31 December 2017 (Audited)	<u>13.0469</u>	<u>90,729,076</u>
As at 31 December 2016 (Audited)	<u>8.7634</u>	<u>17,065,758</u>
As at 31 December 2015 (Audited)	<u>7.9307</u>	<u>15,444,287</u>

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

	Highest issue unit price HKD	Lowest redemption unit price HKD
Period from 1 January 2018 to 30 June 2018 (Unaudited) <sup>2</sup>	<u>14.4056</u>	<u>11.9971</u>
Year ended 31 December 2017 (Audited)	<u>13.2761</u>	<u>8.8898</u>
Year ended 31 December 2016 (Audited) <sup>3</sup>	<u>9.2263</u>	<u>6.6049</u>
Year ended 31 December 2015 (Audited) <sup>4</sup>	<u>10.1937</u>	<u>6.5961</u>

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

<sup>2</sup> With effect from 26 January 2018, the investment strategy of the Fund was changed. The performance of the Fund prior to 26 January 2018 was achieved under circumstances that no longer apply.

<sup>3</sup> With effect from 1 September 2016, investment objective of the Fund was changed. Performance information for periods prior to 1 September 2016 does not reflect the current investment strategy. In connection with the change in investment strategy, the Fund changed its name from ChinaAMC Select Hong Kong China Equity Fund to ChinaAMC Select China New Economy Fund.

<sup>4</sup> Calculated from 27 May 2015 (date of inception) to 31 December 2015.

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

For the period from 1 January 2018 to 30 June 2018

		Movement in holdings			
	At 1 January 2018	Addition	Bonus/ Dividend	Disposals	At 30 June 2018
<b><u>Listed securities</u></b>					
<b>Hong Kong</b>					
AAC TECHNOLOGIES HLDGS INC	6,000	48,500	-	-	54,500
AIA GROUP LTD	9,000	-	-	-	9,000
ANTON OILFIELD SERVICES GROUP	-	7,556,000	,	(4,536,000)	3,020,000
BEIJING ENTERPRISES WATER GROUP LTD	146,000	164,000	-	(310,000)	-
BRILLIANCE CHINA AUTOMOTIVE HLDGS LTD	222,000	598,000	-	(282,000)	538,000
CAR INC	389,000	-	-	(389,000)	-
CHINA CONSTRUCTION BANK CORP-H	94,000	1,258,000	-	(664,000)	688,000
CHINA EVERBRIGHT INTL LTD	81,000	957,000	-	-	1,038,000
CHINA LITERATURE LTD	1,818	-	-	-	1,818
CHINA MEDICAL SYSTEM HLDGS LTD	179,000	-	-	(179,000)	-
CHINA MERCHANTS BANK CO LTD-H	86,000	173,000	-	-	259,000
CHINA PACIFIC INSURANCE (GROUP) CO-H	116,800	-	-	(78,400)	38,400
CHINA RESOURCES GAS GROUP LTD	128,000	-	-	(128,000)	-
CHINA SHENHUA ENERGY CO LTD-H	137,000	-	-	(137,000)	-
CHINA VANKE CO LTD-H	-	90,100	-	-	90,100
CHINA ZHENG TONG AUTO SERVICES HLDGS LTD	-	306,500	-	-	306,500
CIFI HLDGS GROUP CO LTD	380,000	198,000	-	(578,000)	-
COUNTRY GARDEN HLDGS CO LTD	-	193,000	-	-	193,000
COUNTRY GARDEN SERVICES HLDGS CO LTD	-	22,183	-	-	22,183
FOSUN INTL LTD	-	302,500	-	(302,500)	-
FU SHOU YUAN INTL GROUP LTD	-	279,000	-	(279,000)	-
GEELY AUTOMOBILE HLDGS LTD	-	58,000	-	-	58,000
GUANGZHOU AUTOMOBILE GROUP CO LTD-H	197,000	-	-	(197,000)	-
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HLDGS CO LTD-H	144,000	-	-	(144,000)	

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (continued)

For the period from 1 January 2018 to 30 June 2018

	At 1 January 2018	<u>Movement in holdings</u>			At 30 June 2018
		Addition	Bonus/ Dividend	Disposals	
<b><u>Listed securities (continued)</u></b>					
<b>Hong Kong (continued)</b>					
HUABAO INTL HLDGS LTD	716,000	-	-	(716,000)	-
IMAX CHINA HLDG INC	-	194,500	-	(114,200)	80,300
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	305,000	1,325,000	-	(786,000)	844,000
PETROCHINA CO LTD-H	792,000	780,000	-	(1,572,000)	-
PICC PROPERTY & CASUALTY CO LTD	400,000	548,000	130,000	(688,000)	390,000
PING AN INSURANCE GROUP CO OF CHINA LTD-H	48,500	-	-	(5,000)	43,500
SPT ENERGY GROUP INC	-	1,512,000	-	-	1,512,000
SUNAC CHINA HLDGS LTD	26,000	101,000		(103,000)	24,000
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	8,000	33,600		(23,800)	17,800
TENCENT HLDGS LTD	21,200	15,200		(4,200)	32,200
YICHANG HEC CHANGJIANG PHARMACEUTICAL CO LTD-H	332,600	259,200		(309,200)	282,600
<b>United States</b>					
ALIBABA GROUP HLDG LTD-SPONSORED ADR	3,300	6,400	-	(2,000)	7,700
BAIDU INC-ADR	-	1,400	-	-	1,400
<b>Total investment portfolio</b>	<b>4,969,218</b>	<b>16,980,083</b>	<b>130,000</b>	<b>(12,527,300)</b>	<b>9,552,001</b>

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INVESTMENT PORTFOLIO (UNAUDITED)

As at 30 June 2018

	Quantity	Fair value HKD	% of net assets
<b>Listed Equities</b>			
<b>Hong Kong</b>			
AAC TECHNOLOGIES HLDGS INC	54,500	6,022,250	4.78%
AIA GROUP LTD	9,000	617,400	0.49%
ANTON OILFIELD SERVICES GROUP	3,020,000	3,412,600	2.71%
BRILLIANCE CHINA AUTOMOTIVE HLDGS LTD	538,000	7,618,080	6.04%
CHINA CONSTRUCTION BANK CORP-H	688,000	4,988,000	3.96%
CHINA EVERBRIGHT INTL LTD	1,038,000	10,525,320	8.35%
CHINA LITERATURE LTD	1,818	133,987	0.11%
CHINA MERCHANTS BANK CO LTD-H	259,000	7,498,050	5.95%
CHINA PACIFIC INSURANCE (GROUP) CO-H	38,400	1,165,440	0.92%
CHINA VANKE CO LTD-H	90,100	2,473,245	1.96%
CHINA ZHENG TONG AUTO SERVICES HLDGS LTD	306,500	1,602,995	1.27%
COUNTRY GARDEN HLDGS CO LTD	193,000	2,663,400	2.11%
COUNTRY GARDEN SERVICES HLDGS CO LTD	22,183	223,161	0.18%
GEELY AUTOMOBILE HLDGS LTD	58,000	1,180,300	0.94%
IMAX CHINA HLDG INC	80,300	1,919,170	1.52%
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	844,000	4,954,280	3.93%
PICC PROPERTY & CASUALTY CO LTD-H	390,000	3,303,300	2.62%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	43,500	3,140,700	2.49%
SPT ENERGY GROUP INC	1,512,000	1,345,680	1.07%
SUNAC CHINA HLDGS LTD	24,000	658,800	0.52%
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	17,800	2,598,800	2.06%
TENCENT HLDGS LTD	32,200	12,680,360	10.05%
YICHANG HEC CHANGJIANG PHARMACEUTICAL CO LTD-H	282,600	11,275,740	8.94%
Total of equity securities traded in Hong Kong		92,001,058	72.97%
<b>United States</b>			
ALIBABA GROUP HLDG LTD-SPONSORED ADR	7,700	11,209,620	8.89%
BAIDU INC-ADR	1,400	2,669,441	2.12%
Total of equity securities traded in United States		13,879,061	11.01%
<b>Total investments portfolio (cost: HKD 107,635,240)</b>		<b>105,880,119</b>	<b>83.98%</b>
<b>Other net assets</b>		<b>20,201,261</b>	<b>16.02%</b>
<b>Total net assets</b>		<b>126,081,380</b>	<b>100%</b>

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INVESTMENT PORTFOLIO (UNAUDITED)

For the period from 1 January 2018 to 30 June 2018

The Manager may in its absolute discretion distribute income to unitholders at such time or times as it may determine in each financial period or determine that no distribution shall be made in any financial period. The amount to be distributed to unitholders, if any, will be derived from the net income of the Sub-Fund.

The Sub-Fund did not make any distribution during the periods ended 30 June 2018 and 30 June 2017.

CHINAAMC SELECT CHINA NEW ECONOMY FUND  
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RECONCILIATION OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)

As at 30 June 2018

HKD

Net assets attributable to unitholders (calculated in accordance with International Financial Reporting Standards)	126,081,380
Adjustment for preliminary expenses	<u>130,652</u>
Net assets attributable to unitholders (calculated in accordance with the Trust Deed)	<u>126,212,032</u>
Net assets attributable to unitholders (per unit) (calculated in accordance with International Financial Reporting Standards)	<u>HKD 12.3700</u>
Net assets attributable to unitholders (per unit) (calculated in accordance with the Trust Deed)	<u>HKD 12.3828</u>

