

ChinaAMC Select Fund

**ChinaAMC Select RMB Bond Fund**

Annual Report

For the year ended 31 December 2018



**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 2018

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**

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

Despite pausing of additional tariffs and easing of domestic policies, economic activity will likely weaken further in the next few months, due to payback of previous export front-loading, lingering tariff uncertainties, and more time and obstacles for policy easing to have full effect. We think China's existing and planned policy easing will continued to be rolled out, helping to support domestic demand. More concrete measures could be announced at the upcoming Economic Work Conference and 40 year anniversary of China's "Open and Reform". Measures may include further opening of market access to private and foreign players, additional corporate tax cuts, SOE reform, and further cuts in import tariffs.

Looking out for 2019, things could get worse before get better. Trade conflict with the U.S. will likely continue. China-U.S. relationship has become a part of the U.S. domestic political wrestling. The trade conflict with China that Trump started could run out of his control and be hijacked by different political force, making it even more unpredictable. The negative effect on Chinese economy may fully manifest. GDP growth rate may fall to below 6.5%, and property sales are expected to be negative. The relief measures that the Chinese government is rolling out will need time to take effects. Infrastructure investment will probably be one recipe that could work fast without long-lasting capacity problem. Nevertheless, overall leverage ratio of Chinese economy will not likely increase as the Chinese government refrains from new stimulus. Outlook of Bond market is cautiously positive. A rangy market is expected and mid-point of the range could move lower from current market level. It will probably be the ending of current yield cycle

China Asset Management (Hong Kong) Limited  
25 April 2019

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

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, China Asset Management (Hong Kong) Limited, has, in all material respects, managed ChinaAMC Select RMB Bond Fund (a sub-fund of ChinaAMC Select Fund) for the year ended 31 December 2018 in accordance with the provisions of the trust deed dated 12 January 2012, as amended or supplemented from time to time.

On behalf of  
BOCI-Prudential Trustee Limited, the Trustee

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25 April 2019

**Independent auditor's report  
To the Manager and the Trustee 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 44, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other 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 2018, and of its financial transactions and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sub-Fund in accordance with the Code of Ethics for Professional Accountants (the "Code") issued by the Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the 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 Manager and the Trustee 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)

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

The Manager and the Trustee are 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 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 the 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 the 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 (the "Trust Deed") 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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, 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 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 Manager and the Trustee of  
ChinaAMC Select RMB Bond Fund**

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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 the Trustee.
- Conclude on the appropriateness of the Manager and the 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 of Appendix E of the SFC Code.

Certified Public Accountants  
Hong Kong  
25 April 2019

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Notes	2018 RMB	2017 RMB
<b>INCOME</b>			
Dividend income		455,463	637,611
Interest income on financial assets at fair value through profit or loss		11,898,427	17,211,941
Interest income on bank deposits and deposit reserve	5	<u>52,098</u>	<u>36,553</u>
		<u>12,405,988</u>	<u>17,886,105</u>
<b>EXPENSES</b>			
Management fee	5	( 2,820,782)	( 3,720,348)
Trustee fee	5	( 480,000)	( 480,003)
Custodian fee	5	( 177,678)	( 221,733)
Auditors' remuneration		( 132,746)	( 165,562)
Brokerage fees and other transaction costs	5	( 114,002)	( 134,164)
Other expenses		<u>( 443,415)</u>	<u>( 227,444)</u>
		<u>( 4,168,623)</u>	<u>( 4,949,254)</u>
<b>FINANCE COSTS</b>			
Distribution to unitholders			
- Class A-DIST-RMB	8	( 6,349,318)	( 8,324,567)
- Class A-DIST-USD	8	<u>( 1,359,738)</u>	<u>( 1,867,851)</u>
		<u>( 7,709,056)</u>	<u>( 10,192,418)</u>
<b>PROFIT BEFORE INVESTMENT AND EXCHANGE DIFFERENCES</b>		528,309	2,744,433
<b>INVESTMENT GAINS/(LOSSES) AND EXCHANGE DIFFERENCES</b>			
Net gain/(loss) on financial assets at fair value through profit or loss		632,696	( 8,271,615)
Net foreign exchange losses		<u>( 36,589)</u>	<u>( 63,951)</u>
<b>NET INVESTMENTS AND EXCHANGE GAINS/(LOSSES)</b>		596,107	( 8,335,566)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<u>1,124,416</u>	<u>( 5,591,133)</u>
Withholding tax (expense)/credit	7	<u>( 902,650)</u>	<u>49,796</u>
<b>INCREASE/(DECREASE) IN NET ASSET ATTRIBUTABLE TO UNITHOLDERS</b>		<u>221,766</u>	<u>( 5,541,337)</u>

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

STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 RMB	2017 RMB
<b>ASSETS</b>			
Financial assets at fair value through profit or loss	9	199,254,401	252,174,405
Interest receivable		4,946,413	7,430,710
Deposits and other receivables		5,605	5,605
Subscription receivable		48,500	-
Cash and cash equivalents	10	10,364,897	8,326,701
<b>TOTAL ASSETS</b>		<u>214,619,816</u>	<u>267,937,421</u>
<b>LIABILITIES</b>			
Redemption payable		1,337,265	475,579
Management fee payable	5	218,065	540,569
Trustee fee payable	5	40,000	40,000
Tax payable		1,448,513	4,677,190
Distributions payable to unitholders		588,428	734,510
Other payables		427,077	345,769
<b>TOTAL LIABILITIES</b>		<u>4,059,348</u>	<u>6,813,617</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	11	<u>210,560,468</u>	<u>261,123,804</u>
<b>NUMBER OF UNITS IN ISSUE</b>			
- Class A-DIST-RMB		15,975,068.35	20,114,700.50
- Class I-ACC-USD		209,113.74	209,113.74
- Class A-DIST-USD		528,883.21	667,936.79
<b>NET ASSET VALUE PER UNIT</b>			
- Class A-DIST-RMB		RMB 10.16	RMB 10.18
- Class I-ACC-USD		USD 10.94	USD 11.11
- Class A-DIST-USD		USD 8.90	USD 9.45

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

Year ended 31 December 2018

	Number of Units	RMB
At 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	17,986.93	1,119,708
	<u>492,723.51</u>	<u>8,972,887</u>
Redemption of units		
- Class A-DIST-RMB	( 7,506,471.12)	( 77,546,499)
- Class A-DIST-USD	( 240,690.04)	( 15,050,354)
	<u>( 7,747,161.16)</u>	<u>( 92,596,853)</u>
Decrease in net assets attributable to unitholders	-	( 5,541,337)
At 31 December 2017 and 1 January 2018	20,991,751.03	261,123,804
Subscription of units		
- Class A-DIST-RMB	605,918.53	6,185,724
- Class A-DIST-USD	43,088.74	2,650,737
	<u>649,007.27</u>	<u>8,836,461</u>
Redemption of units		
- Class A-DIST-RMB	( 4,745,550.68)	( 48,392,866)
- Class A-DIST-USD	( 182,142.32)	( 11,228,697)
	<u>( 4,927,693.00)</u>	<u>( 59,621,563)</u>
Increase in net assets attributable to unitholders		221,766
At 31 December 2018	<u>16,713,065.30</u>	<u>210,560,468</u>

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 RMB	2017 RMB
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		1,124,416	( 5,591,133)
Adjustments for:			
Distribution to unitholders		7,709,056	10,192,418
Decrease in financial assets at fair value through profit or loss		52,920,004	79,712,630
Decrease in interest receivable		2,484,297	3,371,740
Decrease in deposits and other receivables		-	11,790
(Decrease)/Increase in management fee payable		( 322,504)	152,137
Decrease in trustee fee payable		-	( 2,415)
Increase in other payables		81,308	74,843
Cash generated from operations		<u>63,996,577</u>	<u>87,922,010</u>
Tax paid		<u>(4,131,327)</u>	<u>( 317,730)</u>
Net cash flows generated from operating activities		<u>59,865,250</u>	<u>87,604,280</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of units		8,787,961	8,972,887
Payments for redemption of units		( 58,759,877)	( 93,688,147)
Distribution to unitholders		<u>( 7,855,138)</u>	<u>( 10,732,457)</u>
Net cash flows used in financing activities		<u>( 57,827,054)</u>	<u>( 95,447,717)</u>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of year		<u>8,326,701</u>	<u>16,170,138</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		<u>10,364,897</u>	<u>8,326,701</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>			
Cash at banks	10	<u>10,364,897</u>	<u>8,326,701</u>
Net cash used in operating activities includes:			
Dividend received		455,463	637,611
Interest income on bank deposits and deposit reserve		52,098	36,553

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

STATEMENT OF DISTRIBUTION

Year ended 31 December 2018

	Note	RMB
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)	8	( 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)	8	( 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)	8	( 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)	8	( 913,120)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 June 2017 (Record date: 25 May 2017)	8	( 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)	8	( 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)	8	( 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)	8	( 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)	8	( 773,647)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		

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

STATEMENT OF DISTRIBUTION (CONTINUED)

Year ended 31 December 2018

	Note	RMB
Distribution on 3 November 2017 (Record date: 27 October 2017)	8	( 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)	8	( 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)	8	( 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>
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS FOR YEAR ENDED 31 December 2018		221,766
Add: - Finance costs – distribution to unitholders		7,709,056
- Net change in unrealised gain on financial assets at fair value through profit or loss		<u>3,454,248</u>
Undistributed income before distribution for the year		11,385,070
Distribution on 5 February 2018 (Record date: 29 January 2018)	8	( 727,737)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 March 2018 (Record date: 26 February 2018)	8	( 704,034)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 9 April 2018 (Record date: 27 March 2018)	8	( 684,678)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 4 May 2018 (Record date: 25 April 2018)	8	( 665,148)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 June 2018 (Record date: 29 May 2018)	8	( 644,819)
- 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 2018

	Note	RMB
Distribution on 5 July 2018 (Record date: 27 June 2018)	8	( 636,066)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 3 August 2018 (Record date: 27 July 2018)	8	( 636,878)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 September 2018 (Record date: 29 August 2018)	8	( 613,818)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 10 October 2018 (Record date: 26 September 2018)	8	( 614,076)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 November 2018 (Record date: 29 October 2018)	8	( 602,039)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 5 December 2018 (Record date: 28 November 2018)	8	( 591,335)
- RMB0.03 per unit for Class A-DIST-RMB		
- USD0.03 per unit for Class A-DIST-USD		
Distribution on 4 January 2019 (Record date: 27 December 2018)	8	( 588,428)
- 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>( 3,676,014)</u>
Undistributed income at 31 December 2018		<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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 2018, there are five 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
ChinaAMC Select Fixed Income Allocation Fund	28 August 2018

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 ("FVPL") 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 2018

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting period ended 31 December 2018, 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:

Amendments to IAS 1 and IAS 8                      *Definition of Material*<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2020

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Sub-Fund expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Sub-Fund's financial statements.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 9    *Financial Instruments*  
IFRS 15    *Revenue from Contracts with Customers*

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

IFRS 9 Financial Instruments

The Sub-Fund adopted IFRS 9 *Financial Instruments* on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

(a) Classification and measurement

The Sub-Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Debt instruments are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest ("SPPI"). Thus, such instruments continue to be measured at amortised cost under IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

(a) Classification and measurement (continued)

- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income ("OCI"), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Sub-Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had any impact on the Sub-Fund.

(b) Impairment

For financial assets carried at amortised cost, including interest receivable and other receivables, the expected credit loss ("ECL") is based on the 12-month ECL. This represents the portion of lifetime ECL that results from default events on the financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Manager has closely monitored the credit qualities and the collectability of other financial assets at amortised cost and considers that the ECL is immaterial.

(c) Hedge accounting

The Sub-Fund has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

**Impact of adoption of IFRS 9**

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018, however, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the measurement categories under IFRS 9 for the Sub-Fund's financial assets and financial liabilities as at 1 January 2018.

**Financial assets**

1 January 2018	IAS 39 classification	IAS 39 measurement RMB	IFRS 9 classification	IFRS 9 measurement RMB
Debt instruments	Held for trading at FVPL	252,174,405	FVPL	252,174,405
Interest receivable	Loans and receivables	7,430,710	Amortised cost	7,430,710
Other receivable	Loans and receivables	5,605	Amortised cost	5,605
Cash and cash equivalents	Loans and receivables	8,326,701	Amortised cost	8,326,701

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

**Impact of adoption of IFRS 9** (continued)

**Financial liabilities**

1 January 2018	IAS 39 classification	IAS 39 Measurement RMB	IFRS 9 classification	IFRS 9 measurement RMB
Redemption payable	Other financial liabilities	475,579	Amortised cost	475,579
Management fee payable	Other financial liabilities	540,569	Amortised cost	540,569
Trustee fee payable	Other financial liabilities	40,000	Amortised cost	40,000
Distributions payable to unitholders	Other financial liabilities	734,510	Amortised cost	734,510
Other payables	Other financial liabilities	345,769	Amortised cost	345,769
Net Asset attributable to unitholders	Other financial liabilities	261,123,804	Amortised cost	261,123,804

In line with the characteristics of the Sub-Fund's financial instruments as well as its approach to their management, the Sub-Fund neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Sub-Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as FVPL under IAS 39 are still classified as FVPL under IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

In addition, the application of the ECL mode under IFRS 9 has not significantly changed the carrying amounts of the Sub-Fund's amortised cost financial assets. No ECL allowance has been recorded against the Sub-Fund's other receivable and amount due to participating dealers both under IFRS 9 and IAS 39.

The carrying amounts of amortised cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to IFRS 9.

IFRS 15 Revenue from contracts with customers

The Sub-Fund adopted IFRS 15 *Revenue from contracts with customers* on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 *Revenue* and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

In the current period the Sub-Fund has adopted IFRS 9 *Financial Instruments*. See section 2.3 for an explanation of the impact. Comparative figures for the year ended 31 December 2017 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

(a) Classification

(i) Policy effective from 1 January 2018 (IFRS 9) (continued)

In accordance with IFRS 9, the Sub-Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking, or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Financial assets

The Sub-Fund classifies its financial assets as subsequently measured at amortised cost or measured at FVPL on the basis of both:

- The entity's business model for managing the financial assets
- The contractual cash flow characteristics of the financial asset

*Financial assets measured at amortised cost*

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. The Sub-Fund includes in this category short-term non-financing receivables including interest receivable and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(a) Classification (continued)

(i) Policy effective from 1 January 2018 (IFRS 9) (continued)

*Financial assets measured at FVPL*

A financial asset is measured at FVPL if:

- Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding, or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell, or
- At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category debt instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial liabilities

Financial liabilities measured at amortised cost includes all financial liabilities. The Sub-Fund includes in this category management fee payable, trustee fee payable, redemption payable, distribution payable to unitholders and other payables.

(ii) Policy effective before 1 January 2018 (IAS 39)

The Sub-Fund classifies its financial assets and liabilities into the categories below in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

Financial assets at FVPL

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(b) Recognition (under IFRS9 and IAS39)

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.

(c) Initial measurement (under IFRS9 and IAS39)

Financial assets at FVPL 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.

(d) Subsequent measurement (under IFRS 9 and IAS39)

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

Interest receivable, deposits and other receivables and subscription receivables, other than those classified as at FVPL, are measured at amortised cost using the effective interest method ("EIR") 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 FVPL, are measured at amortised cost using the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(d) Subsequent measurement (under IFRS9 and IAS39) (continued)

The EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss 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 asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the 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 ECLs. 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.

(e) Derecognition (under IFRS9 and IAS39)

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 the Sub-Fund has:

- Transferred substantially all the risks and rewards of the asset, or
- Neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained. The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

(a) Policy effective from 1 January 2018 (IFRS 9)

For financial assets measured at amortised cost, impairment allowances are recognised under the general approach where ECLs are recognised in two stages. For credit exposures where there has not been a significant increase in credit risk since initial recognition, the Sub-Fund is required to provide for credit losses that result from possible default events within the next 12 months. For those credit exposures where there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default.

The Sub-Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Sub-Fund uses the provision matrix as a practical expedient to measuring ECLs on interest receivable and other receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

(b) Policy effective before 1 January 2018 (IAS 39)

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. 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 ECLs 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

(b) Policy effective before 1 January 2018 (IAS 39) (continued)

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if 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. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position..

Fair Value Measurement

The Sub-Fund measures its investments in financial instruments, such as debt instruments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Sub-Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Sub-Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (continued)

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible).

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency transaction gains and losses on financial instruments classified as at FVPL and exchange differences on other financial instruments are included in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 People's Republic of China ("PRC") business days of each calendar month or such other day or days determined by the Manager and the 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 are classified as an equity instrument when:

- (a) The redeemable units entitle the holder to a *pro-rata* share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation.
- (b) The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- (c) All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- (d) The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a *pro-rata* share of the Sub-Fund's net assets.
- (e) The total expected cash flows attributable to the redeemable units over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Fund must have no other financial instrument or contract that has:

- (a) Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund, and
- (b) The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Sub-Fund continuously assesses the classification of the redeemable units. 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.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

Upon issuance of redeemable units, the consideration received is included in equity. Transaction costs incurred by the Sub-Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets attributable to unitholders (continued)

Own equity instruments that are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in the statement of profit or loss and other comprehensive income on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

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 profit or loss and other comprehensive income. A proposed distribution is recognised as a liability in the year in which it is approved by the Manager.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks 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 profit or loss and other comprehensive income for all interest-bearing financial instruments using the EIR.

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 profit or loss and other comprehensive income.

Net change in unrealized gains or losses on financial assets at FVPL

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.

Net change in unrealized gains or losses on financial assets at FVPL

Realised gains and losses on disposals of financial instruments classified as at FVPL 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 2018

3 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 Sub-Fund 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 profit or loss and other comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

4 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.

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.

5 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 below.

(a) 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 2018 was RMB2,820,782 (2017: RMB3,720,348). As at 31 December 2018, management fee of RMB218,065 (2017: RMB540,569) was payable to the Manager.

(b) 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 2018 was RMB480,000 (2017: RMB480,003). As at 31 December 2018, trustee fee of RMB40,000 (2017: RMB40,000) was payable to the Trustee.

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5 TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS  
(CONTINUED)

(c) 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 2018 were RMB177,678 (2017: RMB221,733). As at 31 December 2018, there was no custodian fee payable to the Custodian (2017: Nil).

(d) Bank deposits held by the Trustee's affiliates

The Sub-Fund's bank deposits were held by the Trustee's affiliates, Bank of China (Hong Kong) Limited and Bank of China Limited. The interest income for the year ended 31 December 2018 was RMB52,098 (2017: RMB36,540). Further details of the balances held are described in note 10 to the financial statements.

(e) Brokerage fees and other transaction costs – Investment handling fee

Brokerage fees and other transaction costs comprise of investment handling fee, broker commission and investment related charges. Investment handling fee pertain to fee charges on transaction made through the Administrator at RMB85 per transaction made. The investment handling fee for the year ended 31 December 2018 was RMB29,860 (2017: RMB31,750). As at 31 December 2018, investment handling fee of RMB2,495 (2017: RMB2,560) was payable to the Administrator.

6 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 2018 and 31 December 2017. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

7 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 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 10%. There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future.

According to Circular Caishui [2018] 108 ("Circular 108"), foreign institutional investors are temporarily exempted from PRC Withholding Income Tax with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021.

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7 WITHHOLDING TAXES (CONTINUED)

PRC Tax (continued)

*Distribution Tax* (continued)

The distribution tax expense for the year ended 31 December 2018 was RMB902,650 (2017 distribution tax credit: RMB49,796).

*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 12% 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.

According to Circular Caishui [2018] 108 (“Circular 108”), foreign institutional investors are temporarily exempt from PRC VAT with respect to bond interest income derived in the PRC bond market for the period from 7 November 2018 to 6 November 2021. No provision for the interest income derived from the PRC debt securities from 7 November 2018 has been made at the end of the reporting period.

In view of the potential VAT liability, no provision has been made during the year ended 31 December 2018 given the uncertainties. The potential PRC VAT and local surcharges have been quantified as approximately RMB344,770 (2017: RMB198,915) on any non-government bond interest received by the Sub-Fund from 1 January 2018 to 6 November 2018.

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8 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>	2018 RMB	2017 RMB
Distribution on 5 February 2018 (Record date: 29 January 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	604,778	779,447
Distribution on 5 March 2018 (Record date: 26 February 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	584,985	766,500
Distribution on 9 April 2018 (Record date: 27 March 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	569,201	757,913
Distribution on 4 May 2018 (Record date: 25 April 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	548,108	747,267
Distribution on 5 June 2018 (Record date: 29 May 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	535,452	735,465
Distribution on 5 July 2018 (Record date: 27 June 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	523,675	720,606
Distribution on 3 August 2018 (Record date: 27 July 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	520,344	702,613
Distribution on 5 September 2018 (Record date: 29 August 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	503,964	654,519
Distribution on 10 October 2018 (Record date: 26 September 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	503,535	629,486
Distribution on 5 November 2018 (Record date: 29 October 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	491,370	620,073

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8 DISTRIBUTION (CONTINUED)

<u>Class A-DIST-RMB</u> (continued)	2018 RMB	2017 RMB
Distribution on 5 December 2018 (Record date: 28 November 2018) 2018: RMB0.03 per unit (2017: RMB0.03 per unit)	484,654	606,719
Distribution on 4 January 2019 (Record date: 27 December 2018) 2018: RMB0.03 per unit (2017: RMB0.04 per unit)	<u>479,252</u>	<u>603,959</u>
	<u>6,349,318</u>	<u>8,324,567</u>
 <u>Class A-DIST-USD</u>	 2018 RMB	 2017 RMB
Distribution on 5 February 2018 (Record date: 29 January 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	122,959	182,492
Distribution on 5 March 2018 (Record date: 26 February 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	119,049	166,819
Distribution on 9 April 2018 (Record date: 27 March 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	115,477	165,211
Distribution on 4 May 2018 (Record date: 25 April 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	117,040	165,853
Distribution on 5 June 2018 (Record date: 29 May 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	109,367	160,820
Distribution on 5 July 2018 (Record date: 27 June 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	112,391	161,323
Distribution on 3 August 2018 (Record date: 27 July 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	116,534	160,238

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8 DISTRIBUTION (CONTINUED)

<u>Class A-DIST-USD</u> (continued)	2018 RMB	2017 RMB
Distribution on 5 September 2018 (Record date: 29 August 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	109,854	148,874
Distribution on 10 October 2018 (Record date: 26 September 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	110,541	144,161
Distribution on 5 November 2018 (Record date: 29 October 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	110,669	143,797
Distribution on 5 December 2018 (Record date: 28 November 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	106,681	137,248
Distribution on 4 January 2019 (Record date: 27 December 2018) 2018: USD0.03 per unit (2017: USD0.03 per unit)	109,176	131,015
	<u>1,359,738</u>	<u>1,867,851</u>

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 RMB	2017 RMB
Financial assets at fair value through profit or loss		
- debt securities	192,455,407	240,816,009
- collective investment scheme	<u>6,798,994</u>	<u>11,358,396</u>
Total financial assets at fair value through profit or loss	<u>199,254,401</u>	<u>252,174,405</u>

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the close of trading at the end of the reporting 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.

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9 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 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

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.

As at 31 December 2018, 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.

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9 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 2018.

31 December 2018

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets at fair value through profit or loss:				
- Debt securities	-	192,455,407	-	192,455,407
- Collective investment scheme	-	6,798,994	-	6,798,994
	-	199,254,401	-	199,254,401

31 December 2017

Financial assets at fair value through profit or loss:				
- Debt securities	-	240,816,009	-	240,816,009
- Collective investment scheme	-	11,358,396	-	11,358,396
	-	252,174,405	-	252,174,405

There are no investments classified within Level 1 and Level 3 and no transfers between levels for the year ended 31 December 2018 (2017: Nil).

10 CASH AND CASH EQUIVALENTS

	2018 RMB	2017 RMB
Cash at banks	<u>10,364,897</u>	<u>8,326,701</u>

The bank balance is the cash at bank held with Bank of China Limited and Bank of China (Hong Kong) Limited, affiliate companies of the Trustee. The bank balance comprises savings and current account with bank at market interest rates. The bank balance is deposited with creditworthy banks with no recent history of default.

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11 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:

	2018 RMB	2017 RMB
Net assets attributable to unitholders as at last business day for the year (calculated in accordance with Explanatory Memorandum)	210,560,468	261,070,182
Differences between last business day and last calendar day:		
Interest Income	-	83,288
Operating expense	-	(21,576)
Withholding tax	-	(8,090)
Net assets attributable to unitholders as at last calendar day for the year	<u>210,560,468</u>	<u>261,123,804</u>
Net assets attributable to unitholders (calculated in accordance with IFRSs)	<u>210,560,468</u>	<u>261,123,804</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 10.16	RMB 10.18
Class I-ACC-USD	USD 10.94	USD 11.11
Class A-DIST-USD	<u>RMB 8.90</u>	<u>RMB 9.45</u>
Net assets attributable to unitholders (per unit) as at (calculated in accordance with IFRSs)		
Class A-DIST-RMB	RMB 10.16	RMB 10.18
Class I-ACC-USD	USD 10.94	USD 11.11
Class A-DIST-USD	<u>RMB 8.90</u>	<u>RMB 9.45</u>

NOTES TO THE FINANCIAL STATEMENTS

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12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

Risk management

Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Manager is responsible for identifying and controlling risks. In perspective of risk management, the Sub-Fund's objective is to create and protect value for unitholders.

The Sub-Fund is exposed to market risk (which includes price risk, interest rate risk and currency risk), liquidity risk and credit risk arising from the financial instruments it holds.

(a) 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.

(i) 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 FVPL on the Sub-Fund's net asset value as at 31 December 2018. 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.

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12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Price risk (continued)

	Carrying value of financial assets at FVPL RMB	% of net assets %	Shift in underlying securities increase/ (decrease) %	Estimated possible change in net asset value increase/ (decrease) RMB
31 December 2018				
Financial assets at fair value through profit or loss	6,798,994	3	1	67,990
			(1)	(67,990)
31 December 2017				
Financial assets at fair value through profit or loss	11,358,396	4	1	113,584
			(1)	(113,584)

(ii) 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.

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12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

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 2018			
Debt securities	+ 25	589,614	(102,483)
Debt securities	- 25	(589,614)	102,483
31 December 2017			
Debt securities	+ 25	11,516	(998,163)
Debt securities	- 25	(11,516)	998,163

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 2018 and therefore no sensitivity analysis on bank deposit is presented.

(iii) 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.

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12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to daily cash redemptions of its redeemable units. Units are redeemable at the holder's option based on the Sub-Fund's net asset value per unit at the time of redemption, calculated in accordance with the Sub-Fund's Trust Deed. It is the Sub-Fund's policy that the Manager monitors the Sub-Fund's liquidity position on a daily basis.

The table below summarises the maturity profile of the Sub-Fund's financial assets and liabilities at the end of the reporting period based on contractual undiscounted cash flows in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When a counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Sub-Fund can be required to pay.

Financial assets

Analysis of debt securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

	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 2018					
<u>Financial assets</u>					
Financial assets at fair value through profit or loss		199,254	-	-	199,254
Interest receivable	-	475	1,094	3,377	4,946
Deposits and other receivable	-	6	-	-	6
Subscription receivable	-	49	-	-	49
Cash and cash equivalents	10,365	-	-	-	10,365
Total financial assets	10,365	199,784	1,094	3,377	214,620

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12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) 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 2018					
<u>Financial liabilities</u>					
Redemption payable	-	1,337	-	-	1,337
Management fee payable	-	218	-	-	218
Trustee fee payable	-	40	-	-	40
Other payables	-	56	-	371	427
Distributions payable to unitholders	-	588	-	-	588
Net assets attributable to unitholders*	210,560	-	-	-	210,560
	<u>210,560</u>	<u>2,239</u>	<u>-</u>	<u>371</u>	<u>213,170</u>
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	<u>8,327</u>	<u>253,077</u>	<u>2,959</u>	<u>3,575</u>	<u>267,938</u>

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

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12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(b) 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
<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
	<u>261,124</u>	<u>1,830</u>	<u>-</u>	<u>308</u>	<u>263,262</u>

(c) Credit and counterparty risk

Credit risk is the risk of loss to the Sub-Fund that may arise on outstanding financial instruments should a counterparty default on its obligations. The Sub-Fund minimises exposure to credit risk by only dealing with creditworthy counterparties.

All transactions by the Sub-Fund in securities are settled/paid for upon delivery using an approved broker. 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 Manager's policy is to closely monitor the creditworthiness of the Sub-Fund's counterparties (e.g., brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosures or not.

**Financial assets subject to IFRS 9's impairment requirements**

The Sub-Fund's financial assets subject to the ECL model within IFRS 9 are only cash and cash equivalents, interest receivable and other receivables. As at 31 December 2018, the total of cash and cash equivalents, interest receivable and other receivables was RMB 15,365,415 on which no loss allowance had been provided (2017: total of RMB 15,763,016 on which no loss had been incurred). There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Credit and counterparty risk (continued)

**Financial assets subject to IFRS 9's impairment requirements** (continued)

For financial assets measured at amortised cost, the Sub-Fund applies the general approach for impairment, there is no information indicating that the financial asset had a significant increase in credit risk since initial recognition. The financial assets therefore are still classified at stage 1 and presented in gross carrying amount.

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: cash and cash equivalents and dividend receivables. All the Sub-Fund's cash and cash equivalents are held in major financial institutions located in Hong Kong, which the Manager believes are of high credit quality. The Manager considers the Sub-Fund is not exposed to significant credit risk and no loss allowance has been made.

**Financial assets not subject to IFRS 9's impairment requirements**

The Sub-Fund is exposed to credit risk on debt securities. This class of financial assets is not subject to IFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets, under both IAS 39 (2017) and IFRS 9 (2018) represents the Sub-Fund's maximum exposure to credit risk on financial instruments not subject to the IFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

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.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of assets held with the Custodian. The tables below summarise the Sub-Fund's assets placed with the Custodian and their related credit ratings from Standard & Poor's ("S&P"):

	RMB	Credit rating	Source of credit rating
31 December 2018			
<u>RQFII Local Custodian</u>			
Bank of China Limited	199,254,401	A+	S&P

CHINAAMC SELECT RMB BOND FUND  
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

12 FINANCIAL RISK AND MANAGEMENT OBJECTIVE AND POLICIES (CONTINUED)

(c) Credit and counterparty risk (continued)

	RMB	Credit rating	Source of credit rating
31 December 2017			
<u>RQFII Local Custodian</u>			
Bank of China Limited	252,174,405	A+	S&P

The Manager of the Sub-Fund considers that none of these assets are impaired nor past due as at 31 December 2018.

13. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 25 April 2019.

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

INVESTMENT PORTFOLIO

31 December 2018

	Nominal Value/ Quantity	Fair Value	% of net asset
<b>FIXED INCOME SECURITIES</b>			
<b>China</b>			
AVIC INTL LEASING CO LTD 6.4% A PERP	10,000,000	10,208,860	4.85%
BANK OF GUANGZHOU CO LTD 0% A 10JAN2019	20,000,000	19,609,140	9.31%
BEIJING CONSTRUCTION ENGINEERING GROUP 5.95% A 05JUL2019	12,000,000	2,426,400	1.15%
CHINA EVERBRIGHT BANK CO LTD CB 0.5% A 17MAR2023	1,544,000	1,621,818	0.77%
CHINA NATIONAL PETROLEUM CORP EB 1% A 13JUL2022	4,000,000	4,031,600	1.91%
CHUZHOU CITY CONSTRUCTION INVESTMENT CO LTD 1YR S+3.05% A 30NOV2021	20,092,000	16,294,612	7.74%
DALIAN PORT PDA CO LTD 5.3% A 23MAY2021	31,000	31,620	0.02%
DALIAN WANDA COMMERCIAL MANAGEMENT GROUP CO LTD 6.6% A 14OCT2020	8,000,000	8,192,000	3.89%
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.95% A 06MAY2021	10,000,000	10,020,000	4.76%
DATONG COAL MINE GROUP CO LTD 5.78% A 18APR2021	20,000,000	20,175,580	9.58%
GUIZHOU RAILWAY INVESTMENT CO LTD 7.2% A 27MAR2022	20,000,000	16,764,080	7.96%
JIANGXI WANNIANQING CEMENT CO LTD 6.85% A 12SEP2019	10,000,000	10,194,000	4.84%
KANGMEI PHARMACEUTICAL CO LTD 5.33% A 27JAN2022	2,000,000	1,692,600	0.80%
SHANGHAI ELECTRIC GROUP CO LTD CB 1.5% A 02FEB2021	2,000,000	2,095,200	1.00%
SHANGHAI NANFANG GROUP CO LTD 6.7% A 09SEP2019	20,000,000	5,100,000	2.42%
SHANGHAI SHIMAO JIANSHE CO LTD 4.15% A 16OCT2022	7,879,000	7,757,663	3.68%
SHANXI YONGDONG CHEMISTRY INDUSTRY CO LTD CB 0.7% A 16APR2023	1,999,600	1,830,814	0.87%
TASLY HOLDING GROUP CO LTD 5.75% A 12APR2019	10,000,000	10,033,900	4.77%
WUHAN DANGDAI TECHNOLOGY INDUSTRY GROUP CO LTD 3.75% A 21MAR2021	6,000,000	5,940,000	2.82%
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	40,000,000	8,092,560	3.85%
XINJIANG ZHONGTAI CHEMICAL CO LTD 5.95% A 06JUN2021	10,000,000	10,209,240	4.85%
YANKUANG GROUP CO LTD 5.86% A PERP	10,000,000	10,088,220	4.79%
YINGKOU PORT GROUP CO LTD 5.6% A 13NOV2020	5,300,000	5,088,000	2.42%
ZHUHAI PORT CO LTD 3.73% A 22NOV2021	5,000,000	4,957,500	2.35%
Total of fixed income securities		<u>192,455,407</u>	<u>91.40%</u>
<b>COLLECTIVE INVESTMENT SCHEMES</b>			
<b>China</b>			
CHINA AMC CASH INCOME FUND-A	6,798,994	6,798,994	3.23%
Total of collective investment scheme		<u>6,798,994</u>	<u>3.23%</u>
Total listed/quoted investment (cost RMB 199,625,284)		199,254,401	94.63%
Other net assets		<u>11,306,067</u>	<u>5.37%</u>
Total net assets as at 31 December 2018		<u><u>210,560,468</u></u>	<u><u>100.00%</u></u>

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

MOVEMENT IN PORTFOLIO HOLDINGS

31 December 2018

	As at 31 December 2017	Movement in holdings			As at 31 December 2018
		Addition	Bonus/ Dividends	Disposal	
<b>FIXED INCOME SECURITIES</b>					
<b>China</b>					
ALUMINUM CORP OF CHINA 4.78% A 03APR2018	10,000,000	-	-	(10,000,000)	-
AVIC INTL LEASING CO LTD 6.4% A PERP	-	10,000,000	-	-	10,000,000
BANK OF GUANGZHOU CO LTD 0% A 10JAN2019	-	20,000,000	-	-	20,000,000
BANK OF NINGBO CO LTD CB 0.4% A 05DEC2023	-	4,999,200	-	(4,999,200)	-
BEIJING CONSTRUCTION ENGINEERING GROUP 5.95% A 05JUL2019	10,000,000	4,400,000	-	(2,400,000)	12,000,000
CHINA DEVELOPMENT BANK CORP 4.04% A 10APR2027	10,000,000	-	-	(10,000,000)	-
CHINA EVERBRIGHT BANK CO LTD CB 0.5% A 17MAR2023	-	11,000,000	-	(9,456,000)	1,544,000
CHINA NATIONAL PETROLEUM CORP EB 1% A 13JUL2022	-	4,000,000	-	-	4,000,000
CHINT GROUP CORP 4.98% A 11APR2020	-	3,000,000	-	(3,000,000)	-
DALIAN PORT PDA CO LTD 5.3% A 23MAY2021	31,000	-	-	-	31,000
DALIAN WANDA COMMERCIAL MANAGEMENT GROUP CO LTD 6.6% A 14OCT2020	-	8,000,000	-	-	8,000,000
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.2% A 14JAN2021	-	12,000,000	-	(12,000,000)	-
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.95% A 06MAY2021	6,000,000	4,000,000	-	-	10,000,000
DATONG COAL MINE GROUP CO LTD 5.78% A 18APR2021	-	20,000,000	-	-	20,000,000
EAST MONEY INFORMATION CO LTD CB 0.2% A 20DEC2023	-	8,000,000	-	(8,000,000)	-
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	10,000,000	-	(10,000,000)	10,000,000
KANGMEI PHARMACEUTICAL CO LTD 5.33% A 27JAN2022	-	2,000,000	-	-	2,000,000
KUNMING WATER SUPPLY GROUP CO LTD 6.15% A 23OCT2018	-	10,000,000	-	(10,000,000)	-
LANZHOU CITY DEVELOPMENT INVESTMENT CO LTD 8.2% A 15DEC2018	20,000,000	-	-	(20,000,000)	-
LONGI GREEN ENERGY TECHNOLOGY CO LTD CB 0.5% A 02NOV2023	-	2,000,000	-	(2,000,000)	-
RUSHAN CITY STATE-OWNED ASSET OPERATION CO LTD 6.9% A 11SEP2020 (CALLED)	21,000,000	-	-	(21,000,000)	-
SANY HEAVY INDUSTRY CO LTD CB 1% A 04JAN2022	1,500,000	-	-	(1,500,000)	-
SHANDONG IRON & STEEL GROUP CO LTD 5.02% A 16JUL2018	-	10,000,000	-	(10,000,000)	-
SHANDONG IRON & STEEL GROUP CO LTD 5.24% A 28MAY2018	-	10,000,000	-	(10,000,000)	-
SHANGHAI ELECTRIC GROUP CO LTD CB 1.5% A 02FEB2021	4,000,000	-	-	(2,000,000)	2,000,000
SHANGHAI NANFANG GROUP CO LTD 6.7% A 09SEP2019	20,000,000	20,000,000	-	(20,000,000)	20,000,000
SHANGHAI SHIMAO JIANSHE CO LTD 4.15% A 16OCT2022	-	7,879,000	-	-	7,879,000
SHANXI JINCHENG ANTHRACITE MINING GROUP CO LTD 4.67% A 09JAN2018	10,000,000	-	-	(10,000,000)	-
SHANXI YONGDONG CHEMISTRY INDUSTRY CO LTD CB 0.7% A 16APR2023	1,999,600	-	-	-	1,999,600
SHENZHEN HONGTAO DECORATION CO LTD CB 1% A 29JUL2022	1,000,000	-	-	(1,000,000)	-
TASLY HOLDING GROUP CO LTD 5.75% A 12APR2019	-	10,000,000	-	-	10,000,000
TIANJING HANBIN INVESTMENT CO LTD 8.39% A 22MAR2019	30,000,000	30,000,000	-	(60,000,000)	-

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

MOVEMENT IN PORTFOLIO HOLDINGS (CONTINUED)

31 December 2018

	As at 31 December 2017	Movement in holdings			As at 31 December 2018
		Addition	Bonus/ Dividends	Disposal	
<b>FIXED INCOME SECURITIES (Continued)</b>					
<b>China</b>					
WEINAN CITY CONSTRUCTION INVESTMENT & DEVELOPEMENT CO LTD 6.5% A 08JUN2018	10,000,000	-	-	(10,000,000)	-
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)	-
XINING CITY INVESTMENT MANAGEMENT CO LTD 7.7% A 27APR2019	40,000,000	8,000,000	-	(8,000,000)	40,000,000
XINJIANG ZHONGTAI CHEMICAL CO LTD 5.95% A 06JUN2021	-	10,000,000	-	-	10,000,000
XJ ELECTRIC CO LTD 6.75% A 30NOV2018	20,000,000	-	-	(20,000,000)	-
YANKUANG GROUP CO LTD 5.86% A PERP	-	10,000,000	-	-	10,000,000
YANZHOU COAL MINING CO LTD 6.19% A PERP	10,000,000	-	-	(10,000,000)	-
YINGKOU PORT GROUP CO LTD 5.6% A 13NOV2020	-	5,300,000	-	-	5,300,000
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)	-
ZHUHAI PORT CO LTD 3.73% A 22NOV2021	-	5,000,000	-	-	5,000,000
<i>Total of fixed income securities</i>	<u>306,530,600</u>	<u>279,578,200</u>	<u>-</u>	<u>(350,355,200)</u>	<u>235,753,600</u>
<b>FLOATING INCOME SECURITIES</b>					
<b>China</b>					
CHUZHOU CITY CONSTRUCTION INVESTMENT CO LTD 1YR S+3.05% A 30NOV2021	20,092,000	24,009,200	-	(24,009,200)	20,092,000
<i>Total of floating income securities</i>	<u>20,092,000</u>	<u>24,009,200</u>	<u>-</u>	<u>(24,009,200)</u>	<u>20,092,000</u>
<b>COLLECTIVE INVESTMENT SCHEMES</b>					
<b>China</b>					
CHINA AMC CASH INCOME FUND-A	11,358,396	10,440,598	-	(15,000,000)	6,798,994
<i>Total of collective investment scheme</i>	<u>11,358,396</u>	<u>10,440,598</u>	<u>-</u>	<u>(15,000,000)</u>	<u>6,798,994</u>
Total investment portfolio	<u>337,980,996</u>	<u>314,027,998</u>	<u>-</u>	<u>(389,364,400)</u>	<u>262,644,594</u>

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 RMB
As at 31 December 2018			
- Class A-DIST-RMB	RMB	10.16	162,419,455
- Class I-ACC-USD	USD	10.94	15,743,551
- Class A-DIST-USD	USD	8.90	32,397,462
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

CHINAAMC SELECT RMB BOND FUND  
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PERFORMANCE TABLE (CONTINUED)

Net asset value attributable to unitholders (continued)

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

		Highest issue price per unit		Lowest redemption price per unit
Year ended 31 December 2018				
- Class A-DIST-RMB	RMB	10.24	RMB	10.16
- Class I-ACC-USD	USD	11.73	USD	10.72
- Class A-DIST-USD	USD	9.86	USD	8.78
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

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



**华夏基金(香港)有限公司**  
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