

Annual Report

CHINA UNIVERSAL INTERNATIONAL SERIES -
CUAM RMB BONDPLUS FUND

(A Sub-Fund of China Universal International Series, an
umbrella unit trust established under the laws of Hong Kong)

31 December 2016



CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
(A Sub-Fund of China Universal International Series)

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CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
(A Sub-Fund of China Universal International Series)

ADMINISTRATION AND MANAGEMENT

MANAGER

China Universal Asset Management (Hong Kong) Company
Limited
3710-11, Two International Finance Centre
8 Finance Street
Central
Hong Kong

DIRECTORS OF THE MANAGER

LI Wen
WAN Qing
ZHANG Hui

SOLICITORS TO THE MANAGER

Deacons
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TRUSTEE AND REGISTRAR

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Causeway Bay
Hong Kong

AUDITOR

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

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

Bank of China Limited
No. 1 Fuxingmen Nei Dajie
Beijing, 100818
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CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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REPORT OF THE MANAGER

Market review

In 2016, the downward adjustment of the domestic RMB deposit reserve ratio at the end of February, the only one of its kind in the year, was attributed to the reduced leniency by the central bank in the monetary policy compared with the previous year. The change was largely overshadowed by the expectation for the domestic real estate market prices, the expectation for the devaluation of RMB exchange rate and the expectation for the US Fed raising the interest rates. In late August, the central bank restarted the 14-day and the 28-day reverse repurchase, indicating to the market the intention for a higher cost of funds so as to lower the leverage in the bond market at large and even the financial market.

As 2016 set in, with the rising prices of pork, vegetables and fruits, the Consumer Price Index ("CPI") took on an upward turn in the first quarter, recorded drops in the second and the third quarters with the year's nadir of 1.30% appeared in August, and recovered in the fourth quarter, with the annual average at about 2%. The ongoing narrowing in the year-on-year drops of Producer Price Index ("PPI") was mainly attributed to the constantly rising price of bulk commodities as a result of the supply-side reform implemented by the Chinese government. All this might usher in a new round of capacity recovery.

In terms of the RMB exchange rate of 2016, the RMB against the US dollar continued to go down in the second quarter, and especially after the Brexit and the US dollar going strong at the end of June, the devaluation of the exchange rate was accelerated. In the third quarter, the RMB exchange rate against the US dollar remained more or less flat, with slight appreciation or depreciation in different months. In the fourth quarter, the strong expectation for the US Fed to raise the interest rates accelerated the depreciation of RMB. Only within 60 trading days the RMB against the USD depreciate by nearly 4%.

By and large, the bond market in 2016 was characterized by sharp fluctuations and dwindling yields. In most months the bond market was in the uptrend, and the whole year recorded two remarkable downward adjustments. The first adjustment occurred in April, mainly because the credit spreads of the corporate bonds were expanded after several defaults in the corporate bonds. The second adjustment lasted from the late October till the end of the year. Before the end of October, the credit spreads between China's domestic credit bonds and treasury bonds were compressed to a record low, and the investment institutions continued to increase the leverage of the portfolios to earn higher investment returns. However, when hearsay spread that the banks' financial products would be included in the general credit to be subject to the Macro Prudential Assessment, the already fragile bond market entered an adjustment period. By the end of November, over-ridden by the continuous pressure of tightening money supply and all kinds of negative factors (such as the rising CPI, the tightening monetary policy and the US Fed starting to raise the interest rates), the bond market had embarked on a rapid adjustment, with the yield rates of the bonds increased by 50 to 100 basis points. Only when the central bank injected funds into the major commercial banks and the market investment institutions through the open market operations around December, 20 did the bond market ease its downtrend.

In 2016, the China bond composite index for the bond market of mainland China inched up by 1.83%, with the annual increase shrunk compared with the years of 2014 and 2015. As important indicators, the yields of the 3-year and 10-year Chinese treasury bonds increased by 22bp and 19bp respectively.

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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REPORT OF THE MANAGER (continued)

Portfolio review

Since the Sub-Fund was launched on February 17, 2012, the cumulative yields of Class A had reached 21.05% and that of Class I stood at 25.51% by December 30, 2016, with the annualized yields at 4.00% and 4.77% respectively. The Sub-Fund distributed dividends in each quarter, 19 times in total since launch, with the accumulative distributed dividend reaching RMB1.531 per unit.

In the operations in 2016, the Sub-Fund reaped the return mainly through the management of duration and rating. The Sub-Fund allocated the portfolio of relatively long duration in the first half of the year, and mainly selected the bonds of higher rating as we had estimated that in the first half of the year the bond market would continue the uptrend of the last year and the bonds of higher rating are of lower risk. After August in the second half of the year, we began to gradually lower the duration of the portfolio based on the analysis of the macro economy and the monetary policy that the market had recorded significant gain and the monetary policy was likely to be tightened.

Market outlook

Looking ahead to 2017, we believe that with the real estate market reaching its peak in the small cycle, the economic growth is more likely to decline, with the falling growth rate of consumption related to the real estate as the main cause. The inflation is unlikely to appear in an across-the-board way as in the period of economic prosperity, but the structural inflation will continue to exist. The food supply and demand, which has apparent seasonal and periodic characteristics, is the short-term factor affecting the inflation. Nevertheless, affected by the base effect, the inflation is likely to drop in some months of 2017. Comparatively, we should pay more attention to the price increases in the housing and service sectors, or rather the rising house rents and labor costs as a result of the lingering ratchet effect, which poses as the medium-term inflationary factor.

The important politburo meeting held at the end of October, 2016, reiterated to “adhere to the prudent monetary policy and focus on inhibiting assets bubbles and guarding against financial risks on the basis of keeping the liquidity adequately ample”. In its third-quarter report the central bank said that it would stick to the neutral to prudent monetary policy, further proposing to “take the initiative to adjust the structure, deleverage and prevent bubbles” in the future. We believed that as the most prominent symbols for assets bubble and financial risk, the real estate market and the exchange rate have become two major problems for the central bank at present. At the current juncture, the further easing will push up the lever and intensify the assets bubbles while increasing the pressure for exchange rate devaluation and resulting in the draining of monetary base. In light of the current bubbles in the real estate market and the risks in the foreign exchange market, the central bank is likely to stabilize the expectation by resorting to the prudent and relatively tight monetary policy.

Insofar as the open market operations, the central bank will continue to keep the sufficient supply of liquidity to meet the demand for the financial and economic operation, and make renewed efforts in “attaching more importance to pre-tuning and fine-tuning without introducing strong stimulation, focusing more on targeted measures and exploring the pertinent solutions of the structural problems”; with regard to the prices, the central bank will take the initiative in “cultivating the benchmark interest rate and yield curve in the market and making explorations in the mechanism of interest rate corridor”. It is estimated that in 2017 the central bank is more likely to, on the basis of maintaining the 7-day reverse repurchase at 2.25%, lengthen the operation duration so as to edge up the cost of funds; but it is also likely that with the inflation figured in, the central bank will inch up the key interest rates in the open market operations.

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REPORT OF THE MANAGER (continued)

Market outlook (continued)

The government set the target at 3.0% for China's central government debt deficit rate of 2016, which, in our estimation, will be slightly increased on the basis of 2016's to about 3.3% to 3.5% in 2017. In addition to increasing the financial deficit rate, the Public-Private-Partnership ("PPP"), an innovative supply management mode for public products and public services, with the cooperation between the social capital and the government as its core, will become a new mode in financial efforts. Since the beginning of this year, China has continued to accelerate the advancement of the PPP, directing the flow of the private capital so as to achieve the target of stabilizing the growth and adjusting the structure.

The sharp and rapid devaluation of the exchange rate is detrimental to financial stability and economic operation, while slight and slow devaluation might be a better choice. It is expected that in 2017 the RMB onshore exchange rate against the US dollar will rise to around 7.2, with the RMB depreciation at about 4%, slightly lower than that in 2016.

In terms of the deposit reserve ratio, as the reduction of the ratio is likely to be interpreted as a signal for further easing by the market, the central bank has chosen to supplement the monetary base through the Medium-term Lending Facility ("MLF"). If in the middle of 2017 the expectation for the US Fed to raise the interest rate weakens, reducing the expectation for the devaluation of the RMB exchange rate, and the real estate market is cooling down significantly, with the two conditions met at the same time, the possibility is not excluded that the MLF will not be extended at maturity. Instead, the reduction of the deposit reserve ratio will be adopted. As for the deposit rate, we expect that the banks will further expand the upward adjustment range of the fixed deposit interest rates, with the average fixed-deposit rate being expected to rise to 2.4%.

For and on behalf of
China Universal Asset Management (Hong Kong) Company Limited, the Manager

24 April 2017

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager, China Universal Asset Management (Hong Kong) Company Limited, has, in all material respects, managed China Universal International Series – CUAM RMB Bondplus Fund for the year ended 31 December 2016 in accordance with the provisions of the trust deed dated 29 December 2011 as amended by three supplemental deeds dated 5 October 2012, 15 July 2013 and 25 August 2016 (collectively, the "Trust Deed").

On behalf of
BOCI-Prudential Trustee Limited, the Trustee

24 April 2017

Independent auditor's report

To the Trustee and the Manager of

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND

(A Sub-Fund of China Universal International Series, an umbrella unit trust established under the laws of Hong Kong)

Opinion

We have audited the financial statements of China Universal International Series – CUAM RMB Bondplus Fund (a sub-fund of China Universal International Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 9 to 38, which comprise the statement of financial position as at 31 December 2016, 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 position of the Sub-Fund as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 HKICPA's Code of Ethics for Professional Accountants ("the Code"), 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.

Other information included in the Annual Report

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

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

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

Independent auditor's report (continued)

To the Trustee and the Manager of

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND

(A Sub-Fund of China Universal International Series, an umbrella unit trust established under the laws of Hong Kong)

Responsibilities of the Manager and the Trustee for the financial statements

The Manager and the Trustee of the Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, 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 of the Sub-Fund 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 provisions of the trust deed dated 29 December 2011 as amended by three supplemental deeds dated 5 October 2012, 15 July 2013 and 25 August 2016 (collectively, 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 is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent auditor's report (continued)

To the Trustee and the Manager of

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager's 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 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 provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

Certified Public Accountants
Hong Kong
24 April 2017

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2016

	Notes	2016 RMB	2015 RMB
INCOME			
Dividend income		2,331	-
Interest income on financial assets at fair value through profit or loss		3,509,874	10,361,910
Other interest income		18,022	50,625
Net (loss)/gain on financial assets at fair value through profit or loss	7	(119,853)	4,738,640
		<u>3,410,374</u>	<u>15,151,175</u>
EXPENSES			
Management fee	4	(880,554)	(2,006,704)
Trustee fee	4	(480,000)	(480,000)
Custodian fee	4	(76,601)	(147,837)
Legal and professional fee		(86,424)	(263,080)
Auditor's remuneration		(233,394)	(217,587)
Other expenses		(72,793)	(282,040)
Foreign exchange differences, net		<u>-</u>	<u>(117)</u>
		<u>(1,829,766)</u>	<u>(3,397,365)</u>
OPERATING PROFIT		1,580,608	11,753,810
FINANCE COSTS			
Distributions to unitholders	6	(1,439,459)	(6,272,914)
PROFIT BEFORE TAX		141,149	5,480,896
Income tax expense	5	(34,548)	(217,843)
INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>106,601</u>	<u>5,263,053</u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 RMB	2015 RMB
ASSETS			
Financial assets at fair value through profit or loss	7	40,698,015	116,449,342
Cash and bank balances	8	2,865,071	2,621,943
Interest receivable		1,150,958	2,964,099
Deposit reserve – China Exchange Clearing		4,704	15,176
Prepayments		<u>6,273</u>	<u>5,822</u>
TOTAL ASSETS		<u><u>44,725,021</u></u>	<u><u>122,056,382</u></u>
LIABILITIES			
Redemption proceeds payable		371,900	591,064
Management fee payable	4	53,687	118,926
Trustee fee payable	4	40,000	40,000
Other payables and accruals		228,846	227,414
Tax payable		<u>551,287</u>	<u>1,940,790</u>
TOTAL LIABILITIES EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u><u>1,245,720</u></u>	<u><u>2,918,194</u></u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	10	<u><u>43,479,301</u></u>	<u><u>119,138,188</u></u>
NUMBER OF UNITS IN ISSUE			
- Class A units	9	3,753,046.676	5,662,128.178
- Class I units	9	392,927.308	5,425,184.122
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT			
- Class A units	10	10.448	10.583
- Class I units	10	10.865	10.915

For and on behalf of
China Universal Asset Management (Hong Kong)
Company Limited, as the Manager

For and on behalf of
BOCI-Prudential Trustee Limited,
as the Trustee

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CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2016

	RMB
At 1 January 2015	197,501,097
Subscription of redeemable units	39,875,338
Redemption of redeemable units	(123,501,300)
Increase in net assets attributable to unitholders during the year	<u>5,263,053</u>
At 31 December 2015 and 1 January 2016	119,138,188
Subscription of redeemable units	1,048,706
Redemption of redeemable units	(76,814,194)
Increase in net assets attributable to unitholders during the year	<u>106,601</u>
At 31 December 2016	<u><u>43,479,301</u></u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 RMB	2015 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		141,149	5,480,896
Adjustments for:			
Interest income on financial assets at fair value through profit or loss		(3,509,874)	(10,361,910)
Interest income on bank deposits		(18,022)	(50,625)
Distribution to unitholders		<u>1,439,459</u>	<u>6,272,914</u>
		(1,947,288)	1,341,275
Decrease in financial assets at fair value through profit or loss		75,751,327	61,129,727
Decrease in deposit reserve-China Exchange Clearing		10,472	24,500
Increase in prepayments		(451)	(181)
Decrease in management fee payable		(65,239)	(87,338)
Decrease in trustee fee payable		-	(2,667)
Increase in other payables and accruals		<u>1,432</u>	<u>102,719</u>
Cash generated from operations		73,750,253	62,508,035
Tax paid		(1,424,051)	(117,046)
Interest received		<u>5,341,037</u>	<u>14,473,268</u>
Net cash flows from operating activities		<u>77,667,239</u>	<u>76,864,257</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		1,048,706	42,085,853
Payments for redemption of units		(77,033,358)	(123,302,542)
Distribution to unitholders		(1,439,459)	(6,272,914)
Net cash flows used in financing activities		<u>(77,424,111)</u>	<u>(87,489,603)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		243,128	(10,625,346)
Cash and cash equivalents at beginning of year		<u>2,621,943</u>	<u>13,247,289</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>2,865,071</u></u>	<u><u>2,621,943</u></u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	8	<u><u>2,865,071</u></u>	<u><u>2,621,943</u></u>

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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STATEMENT OF DISTRIBUTION

Year ended 31 December 2016

	Note	RMB
Undistributed income at 1 January 2015		-
Increase in net assets attributable to unitholders during the year		5,263,053
Add: Finance costs – distribution to unitholders		6,272,914
Less: Net gains on financial assets at fair value through profit or loss, net of income tax		(4,738,640)
Undistributed income before distribution		6,797,327
Interim distribution (RMB0.053 per unit) distributed on 13 March 2015	6	(1,070,366)
Interim distribution (RMB0.100 per unit) distributed on 15 June 2015	6	(1,850,737)
Interim distribution (RMB0.110 per unit) distributed on 15 September 2015	6	(1,757,356)
Final distribution (RMB0.130 per unit) distributed on 15 December 2015	6	(1,594,455)
Transfer to capital		(524,413)
Undistributed income at 31 December 2015 and 1 January 2016		-
Increase in net assets attributable to unitholders during the year		106,601
Add: Finance costs – distribution to unitholders		1,439,459
Add: Net losses on financial assets at fair value through profit or loss, net of income tax		119,853
Undistributed income before distribution		1,665,913
Interim distribution (RMB0.05 per unit) distributed on 15 March 2016	6	(348,521)
Interim distribution (RMB0.06 per unit) distributed on 17 June 2016	6	(398,556)
Interim distribution (RMB0.085 per unit) distributed on 14 September 2016	6	(439,954)
Final distribution (RMB0.06 per unit) distributed on 15 December 2016	6	(252,428)
Transfer to capital		(226,454)
Undistributed income at 31 December 2016		-

The amount available for distribution is the total net amount receivable by the Sub-Fund in respect of the relevant period ("Total Income") minus any expenses chargeable against income, subject to adjustments made in accordance with the Trust Deed. Total Income would include amount receivable by way of interests (e.g. generated from bank deposits and debt securities), or other receipts as determined by the Manager to be in the nature of income. Capital gains or losses, whether realised or unrealised, do not form part of Total Income and therefore would not impact on the amount available for distribution.

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

1. THE SUB-FUND

China Universal International Series (the "Trust") was constituted as an open-ended unit trust established under the laws of Hong Kong pursuant to the trust deed dated 29 December 2011 as amended by three supplemental deeds dated 5 October 2012, 15 July 2013 and 25 August 2016 (collectively, the "Trust Deed"). As at 31 December 2016, the Trust consists of three sub-funds namely CUAM RMB Bondplus Fund, CUAM China-Hong Kong Strategy Fund and CUAM Hong Kong Dollar Bond Fund.

CUAM RMB Bondplus Fund (the "Sub-Fund") was commenced as a separate sub-fund of the Trust on 17 February 2012. The Sub-Fund is an open-ended unit trust authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under Section 104(1) of the Securities and Futures Ordinance (the "SFO") 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 Manager of the Sub-Fund is China Universal Asset Management (Hong Kong) Company Limited (the "Manager") and the Trustee is BOCI-Prudential Trustee Limited (the "Trustee"). The Custodian is the Bank of China (Hong Kong) Limited (the "Custodian") and the Renminbi Qualified Foreign Institutional Investors ("RQFII") Custodian is Bank of China Limited (the "RQFII Custodian").

Two classes of units, namely Class A units and Class I units, are available for subscription for the Sub-Fund. Class A units and Class I units are subject to different management fees. For the year ended 31 December 2016, Class A units and Class I units were in issue.

The Sub-Fund may invest in debt securities issued within the People's Republic of China ("PRC") and the PRC equity securities by using RQFII quota of the Manager. As at 31 December 2016, the approved Renminbi Qualified Foreign Institutional Investor ("RQFII") quota granted to the Manager by the State Administration of Foreign Exchange ("SAFE") was RMB3.1 billion (2015: RMB3.1 billion).

The investment objective of the Sub-Fund is to achieve consistent investment return and long term capital growth by primarily (i.e. not less than 80% of its net assets) investing in the PRC Renminbi ("RMB") fixed income securities.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E to the SFC Code.

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

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2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting principles adopted in the current year are consistent with those of the prior year; except that the Sub-Fund has adopted the following new revised accounting standard:

Amendments to HKAS 1 *Disclosure Initiative*
Annual Improvements to HKFRSs 2012-2014 Cycle

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

Amendments to HKAS 1 - *Disclosure Initiative*

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in HKAS 1;
- (ii) that specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The amendments have had no significant impact on the Sub-Fund's financial statements.

Amendments under *Annual Improvements to HKFRSs 2012-2014 Cycle*

The Sub-Fund has applied the applicable improvement for the first time in these financial statements. This includes:

HKFRS 7 Financial Instruments: Disclosures: Clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the HKFRS 7 disclosures are required.

2.3 NEW AND REVISED HKFRSs NOT YET ADOPTED

The Sub-Fund has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 9 *Financial Instruments*²
Amendments to HKAS 7 *Disclosure Initiative*¹

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

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2.3 NEW AND REVISED HKFRSs NOT YET ADOPTED (continued)

In September 2014, the HKICPA issued the final version of HKFRS 9, which reflects all phases of the financial instruments project and replaces HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Sub-Fund expects to adopt the new standard from 1 January 2018. The Sub-Fund is currently assessing the impact of the standard upon adoption.

Amendments to HKAS 7 were issued in June 2016 and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Sub-Fund expects to adopt the amendments from 1 January 2017.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(i) **Classification**

The Sub-Fund classifies its financial assets and liabilities into the categories below in accordance with HKAS 39.

Financial assets at fair value through profit or loss

The Sub-Fund classifies all of its investments as financial assets held for trading.

Financial assets held for trading: financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes equity securities 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 bank balances, interest receivable on debt securities, subscription proceeds receivable, and other short-term receivables.

Financial liabilities at amortised cost

The Sub-Fund includes in this category net assets attributable to unitholders, amounts relating to redemption proceeds payable and other short-term payables.

(ii) **Recognition**

The Sub-Fund recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the financial asset.

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2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) **Initial measurement**

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables and financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) **Subsequent measurement**

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

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

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

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

(v) **Derecognition**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired; or
- The Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement; and either (a) the Sub-Fund has transferred substantially all the risks and rewards of the asset, or (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) ***Derecognition (continued)***

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

Fair value measurement

The Sub-Fund measures financial instruments, such as, equities investments 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 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 fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using the last traded price or valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (e.g. Price to Earnings Ratio) and income approach.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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 - based on quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - based on 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 reassessing 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.

Impairment of financial assets

The Sub-Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. An impairment exists if one or more events that have occurred after the initial recognition of the asset and have 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.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

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 profit or loss.

Interest income 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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

These financial statements are presented in RMB, which is the Sub-Fund's functional and presentation currency. Foreign currency transactions recorded by the Sub-Fund are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the reporting date. Differences arising on settlement or transaction of monetary items are recognised in profit or loss.

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 was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss as part of the "net gain or loss on financial assets and liabilities at fair value through profit or loss".

Functional 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.

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.

The unitholders can redeem the units during the Hong Kong and PRC business days of each calendar month or such other day or days determined by the Manager and Trustee may agree from time to time for cash equal to a proportionate share of the Sub-Fund's net assets attributable to unitholders of the relevant classes.

Redeemable units are issued and redeemed at the holder's option at prices based on the Sub-Fund's net assets attributable to unitholders per unit at the time of issue or redemption. The Sub-Fund's net assets attributable to unitholders per unit is calculated by dividing the net assets attributable to unitholders by the number of units in issue.

Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund's unitholders is included in profit or loss as the "finance costs". A proposed distribution is recognised as a liability in the year in which it is approved by the Manager of the Sub-Fund.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand, demand deposits, and short-term deposits in bank, with original maturities of three months or less.

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

Interest income

Interest income is recognised in profit or loss for all interest-bearing financial instruments as it accrues, using the effective interest method.

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

This item includes changes in the fair value of financial assets as at "fair value through profit or loss" and excludes interest income and expense.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised gains and losses on disposals of financial instruments classified as "fair value through profit or loss" are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Fund;
 - (ii) has significant influence over the Sub-Fund; or
 - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Sub-Fund are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the 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, or 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.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes

The Sub-Fund is exempt from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. However, in some jurisdictions, investment 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 profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Sub-Fund's financial statements requires management 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 the future periods.

Judgements

In the process of applying the Sub-Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Sub-Fund's management has made an assessment of the Sub-Fund's ability to continue as a going concern and is satisfied that the Sub-Fund has the resources to continue in business for the foreseeable future. Furthermore, management 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.

Estimates and assumption

The key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Sub-Fund based its estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Sub-Fund. Such changes are reflected in the assumptions when they occur.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates and assumption (continued)

Fair value of financial instruments

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as yield curve, credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the Sub-Fund performs sensitivity analysis or stress testing techniques.

4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund and the 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, the Manager and their 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 those disclosed below:

Bank deposits and investments held by the Trustee's affiliates

The Sub-Fund's bank deposits and investments were held by the Trustee's affiliates, Bank of China (Hong Kong) Limited and Bank of China Limited, the Custodian and RQFII Custodian of the Sub-Fund, respectively. Further details of the balances held are described in note 8 to the financial statements. During the year, interest income on these bank balances was RMB16,572 (2015: RMB47,044).

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4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS (continued)

Brokerage commission

Orient Securities Company Limited, a major shareholder of the Manager and Bank of China Limited, the RQFII Custodian of the Sub-Fund, rendered brokerage services for the Sub-Fund's purchases and sales of securities. With effective from 9 December 2016, Orient Securities Company Limited ceased to be the broker for the Sub-Fund. During the years ended 31 December 2016 and 2015, the transaction details were as follows:

2016

	Aggregate value of purchases and sales of securities RMB	Total commission paid RMB	% of Sub-Fund's total transactions during the year %	Average commission rate %
Orient Securities Company Limited	138,676,812	27,735	60.03%	0.02%
Bank of China Limited	59,743,974	6,000	25.86%	0.01%

2015

	Aggregate value of purchases and sales of securities RMB	Total commission paid RMB	% of Sub-Fund's total transactions during the year %	Average commission rate %
Orient Securities Company Limited	172,378,683	35,640	35.37%	0.02%
Bank of China Limited	315,035,890	32,000	64.63%	0.01%

Management fee

The Manager is entitled to receive, on an annual basis, a management fee from the Sub-Fund, at a rate of 1.5% for Class A units and 0.75% for Class I units (up to maximum of 3% per annum in total by giving not less than one month's prior notice to the unitholders) per annum with respect to the net assets attributable to unitholders of each class of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears.

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4. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS (continued)

Trustee fee

The Trustee is entitled to receive, on an annual basis, a trustee fee from the Sub-Fund, at the current rate of 0.175% (up to maximum of 0.5% per annum in total by giving not less than one month's prior notice to the unitholders) per annum of the net assets attributable to unitholders of the Sub-Fund calculated, subject to a minimum monthly fee of RMB40,000, and accrued on each dealing day and is paid monthly in arrears.

Custodian and RQFII Custodian fee

The Custodian is entitled to receive, on an annual basis, custodian fees from the Sub-Fund, at a rate up to 0.1% per annum of the net assets attributable to unitholders of the Sub-Fund calculated and is paid monthly in arrears. The fees and charges payable to the RQFII Custodian are borne by the Custodian. As at 31 December 2016 and 31 December 2015, no fees were payable to the Custodian.

5. INCOME TAX

Hong Kong tax

No provision for Hong Kong profits tax has been made for the Sub-Fund. The Sub-Fund is authorised by the SFC as a collective investment scheme pursuant to Section 104 of the SFO for offering to the retail public in Hong Kong. It is exempted from Hong Kong profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

PRC tax

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend/interest and capital gains) imposed on securities issued by PRC tax resident enterprises.

Withholding tax

A 10% PRC withholding tax will be levied on dividend and interest derived by foreign investors. The PRC payers (i.e. the issuers) would have the obligation to withhold the 10% withholding tax on the dividend and interest income behalf of the Sub-Fund. The Sub-Fund has recognised interest income of debt securities before the coupon dates and has made a 10% tax provision on interest receivable from the PRC companies. The withholding tax expense for the year ended 31 December 2016 was RMB34,548 (2015: RMB217,843).

Capital gains tax

In view of the "Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains from the transfer of equity investment assets such as PRC domestic stocks by Qualified Foreign Institutional Investor ("QFII") and RQFII" ("關於QFII和RQFII取得中國境內的股票等權益性投資資產轉讓所得暫免徵收企業所得稅問題的通知") Caishui [2014] No.79 (the "Notice") issued by the Ministry of Finance of the PRC (the "MoF"), the State Administration of Taxation of the PRC ("SAT") and the China Securities Regulatory Commission (the "CSRC"), no capital gains tax provision was made for the year ended 31 December 2016 (2015: nil).

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5. INCOME TAX (continued)

PRC tax (continued)

Value-added tax ("VAT")

In preparing these financial statements, the management 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.

According to Circular Caishui [2016] 36 ("Circular 36"), interest income received from investment in non-government bonds is subject to 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. Then Circular Caishui [2016] 140 ("Circular 140") is issued to stipulate that asset managers are the VAT payers with respect to taxable income derived by asset management products since 1 May 2016. Shortly after, Circular Caishui [2017] 2 is issued to clarify that PRC VAT is only applicable to the taxable income derived by asset management products on or after 1 July 2017. The State Administration of Taxation is working on the implementation rule for the VAT collection in relation to asset management products.

There lacks clarification under the above circulars on whether PRC VAT shall apply to non-government bond interest received by offshore asset management products on or after 1 May 2016 or 1 July 2017. Where there is PRC VAT payable, local surcharges shall be imposed at the rate up to 12% of VAT payable. 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.

Given the uncertainties, no provision has been made at the end of the reporting period. The potential PRC VAT and local surcharges have been quantified as approximately RMB48,855 on any non-government bond interest received by the Sub-Fund on or after 1 May 2016.

6. DISTRIBUTIONS

	2016 RMB
Interim dividend (RMB0.05 per unit) distributed on 15 March 2016	348,521
Interim dividend (RMB0.06 per unit) distributed on 17 June 2016	398,556
Interim dividend (RMB0.085 per unit) distributed on 14 September 2016	439,954
Final dividend (RMB0.06 per unit) distributed on 15 December 2016	252,428
	<u>1,439,459</u>

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6. DISTRIBUTIONS (continued)

	2015 RMB
Interim dividend (RMB0.053 per unit) distributed on 13 March 2015	1,070,366
Interim dividend (RMB0.100 per unit) distributed on 15 June 2015	1,850,737
Interim dividend (RMB0.110 per unit) distributed on 15 September 2015	1,757,356
Final dividend (RMB0.130 per unit) distributed on 15 December 2015	<u>1,594,455</u>
	<u>6,272,914</u>

The Manager has declared, on behalf of the Sub-Fund, the above interim and final dividend during the year ended 31 December 2016. The distributions were paid out on 21 March 2016, 23 June 2016, 22 September 2016 and 21 December 2016, respectively.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 RMB	2015 RMB
Held for trading:		
Quoted debt securities	<u>40,698,015</u>	<u>116,449,342</u>
Total financial assets at fair value through profit or loss	<u>40,698,015</u>	<u>116,449,342</u>
Net gains or losses recognised in relation to financial assets at fair value through profit or loss:		
Realised gains	2,380,536	5,676,110
Unrealised losses	<u>(2,500,389)</u>	<u>(937,470)</u>
Net (losses)/gains	<u>(119,853)</u>	<u>4,738,640</u>

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

In the absence of a quoted price in an active market, debt securities are valued using observable inputs such as recently executed transaction prices in securities of the issuers or comparable issuers and yield curves. Adjustments are made to valuation when necessary to recognise differences in the instrument terms. To the extent that the significant inputs are observable, the Sub-Fund categorises these investments as Level 2.

The following table shows an analysis of the Sub-Fund's financial assets measured at fair value at 31 December 2016 and at 31 December 2015.

At 31 December 2016

	Quoted prices in active markets (Level 1) RMB	Significant observable inputs (Level 2) RMB	Significant unobservable inputs (Level 3) RMB	Total RMB
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
<u>– held for trading:</u>				
Quoted debt securities	-	40,698,015	-	40,698,015

At 31 December 2015

	Quoted prices in active markets (Level 1) RMB	Significant observable inputs (Level 2) RMB	Significant unobservable inputs (Level 3) RMB	Total RMB
<u>Financial assets at fair value</u>				
<u>through profit or loss</u>				
<u>– held for trading:</u>				
Quoted debt securities	-	116,449,342	-	116,449,342

There are no investments classified within Level 3 and no transfers of fair value measurements between Level 1 and Level 2 for the year ended 31 December 2016 (2015: Nil).

8. CASH AND BANK BALANCES

The cash at banks held with the Custodian and the RQFII Custodian of the Sub-Fund, was placed into accounts bearing floating interest.

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9. NUMBER OF UNITS IN ISSUE

The following is the subscription/(redemption) of units of the Sub-Fund during the year:

	Number of Class A units	Number of Class I units
At 1 January 2015	10,022,559.462	8,845,617.648
Subscription of units	201,585.542	3,521,647.349
Redemption of units	(4,562,016.826)	(6,942,080.875)
At 31 December 2015 and 1 January 2016	5,662,128.178	5,425,184.122
Subscription of units	95,550.846	2,450.680
Redemption of units	(2,004,632.348)	(5,034,707.494)
At 31 December 2016	<u>3,753,046.676</u>	<u>392,927.308</u>

10. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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:

		2016 RMB
Net assets attributable to unitholders	(Note)	43,479,301
Adjustment on preliminary expense	(Note)	-
Net assets attributable to unitholders (per financial statements)		<u>43,479,301</u>
		2015 RMB
Net assets attributable to unitholders	(Note)	119,288,746
Adjustment on preliminary expense	(Note)	(150,558)
Net assets attributable to unitholders (per financial statements)		<u>119,138,188</u>

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10. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (continued)

	Net assets per unit (Note) RMB	Net assets per unit (per financial statements) RMB
At 31 December 2016		
Net assets attributable to unitholders per unit		
- Class A units	<u>10.448</u>	<u>10.448</u>
- Class I units	<u>10.865</u>	<u>10.865</u>
At 31 December 2015		
Net assets attributable to unitholders per unit		
- Class A units	<u>10.597</u>	<u>10.583</u>
- Class I units	<u>10.929</u>	<u>10.915</u>

Note:

The net assets are calculated in accordance with the explanatory memorandum where preliminary expenses are capitalised and to be amortised over the first five years of the operation of the Sub-Fund, while for the net assets as reported in the audited financial statements, preliminary expenses are expensed as incurred, as required under HKFRS, in profit or loss.

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

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 fixed income securities price risk, interest rate risk and foreign exchange risk), liquidity risk, and credit and counterparty risk arising from the financial instruments it holds.

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

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 others that may be only indirectly observable 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 assets attributable to unitholders per unit of the Sub-Fund.

The maximum credit risk resulting from financial instruments approximate their carrying amounts.

The Sub-Fund assumes market risk in trading activities. The Sub-Fund distinguishes market risk as follows:

- Fixed income securities price risk
- Interest rate risk
- Foreign exchange risk

Fixed income securities price risk

Fixed income securities price risk is the risk of unfavorable changes in the fair values of debt securities as the result of changes in the value of individual fixed income securities. As at the end of the reporting period, the fixed income securities price risk exposure arises from the Sub-Fund's investments in fixed income securities.

Management's estimation of the effect on changes in net assets attributable to unitholders for the year due to a reasonably possible change in the applicable fixed income index, Chinabond Composite Index¹, which is an internally predetermined reference for fixed income investment of the Sub-Fund, with all other variables held constant, is indicated in the table below. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

At 31 December 2016

	Change in index price	Effect on net assets attributable to unitholders and on changes in net assets attributable to unitholders for the year RMB/Unit
Market index		
Chinabond Composite Index ¹	+/-1.83%	+/-0.105

¹ The index is for reference only, not for benchmark

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

Market risk (continued)

Fixed income securities price risk (continued)

At 31 December 2015

Market index	Change in index price	Effect on net assets attributable to unitholders and on changes in net assets attributable to unitholders for the year RMB/Unit
Chinabond Composite Index ¹	+/-8.15%	+/-0.480

Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of interest-bearing assets and future cash flow.

As the Sub-Fund has invested in fixed income 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 fixed income 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, monitor changes in interest rates outlook and takes appropriate measures accordingly to control the impact of interest rate risk.

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 the average duration of the fixed income portion is around 2.2 (2015: 4.0).

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

The sensitivity of both the net assets attributable to unitholders and the change in net assets attributable to unitholders from operations is the effect of the assumed changes in interest rates on changes in fair value of investments for the year, based on revaluing fixed rate financial assets at the end of the reporting period. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be significant.

¹ The index is for reference only, not for benchmark

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

Market risk (continued)

Interest rate risk (continued)

At 31 December 2016

	Financial assets at fair value through profit or loss RMB	Change in basis points	Sensitivity of changes in fair value of investments increase/ (decrease) RMB
At 31 December 2016			
Quoted debt securities	40,697,715	+/-50	-/+400,000
At 31 December 2015			
Quoted debt securities	116,449,342	+/-50	-/+2,400,000

The Sub-Fund also has interest-bearing bank deposits. As the bank deposits are on demand, the Manager considers the movement in interest rates will have insignificant cash flow impact on the daily net assets attributable to unitholders as at 31 December 2016 and 31 December 2015 and therefore no sensitivity analysis of interest on bank deposits is presented

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Sub-Fund holds assets and liabilities predominately 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.

Liquidity risk

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Sub-Fund is exposed to cash redemptions of its redeemable units on every business day during the calendar year.

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

Liquidity risk (continued)

Liquidity risk may also result from an inability to sell a financial asset quickly at an amount close to its fair value. The Sub-Fund invests generally in the PRC bond market. The RMB denominated bond market is at a developing stage and the market capitalisation and the trading volume may be lower than those of the more developed markets. In the absence of an active market, the Sub-Fund may need to hold the debt securities until their maturity date. Even if a secondary market develops, the price at which debt securities are traded may be higher or lower than the initial subscription price due to many factors including prevailing interest rates. Further, the bid and offer spread of the price of debt securities may be wide and significant trading costs could be incurred. The Sub-Fund may suffer losses when such investments are sold.

The Manager seeks to control the liquidity risk of the investment portfolio in order to meet unitholders' redemption requests. However, if sizable redemption requests are received, the Manager may need to liquidate investment at a substantial discount in order to satisfy such requests and the Sub-Fund may suffer losses as a result.

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

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.

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

Liquidity risk (continued)

At 31 December 2016

	Less than 3 months RMB	3 to 12 months RMB	Others*	Total RMB
<u>Financial assets</u>				
Financial assets at fair value				
through profit or loss	40,698,015	-	-	40,698,015
Cash and bank balances	2,865,071	-	-	2,865,071
Interest receivable	811,231	339,727	-	1,150,958
Deposit reserve	4,704	-	-	4,704
Total financial assets	<u>44,379,021</u>	<u>339,727</u>	<u>-</u>	<u>44,718,748</u>
<u>Financial liabilities</u>				
Redemption proceeds payable	371,900	-	-	371,900
Management fee payable	53,687	-	-	53,687
Trustee fee payable	40,000	-	-	40,000
Other payables and accruals	228,846	-	-	228,846
Net assets attributable to unitholders*	<u>-</u>	<u>-</u>	<u>43,479,301</u>	<u>43,479,301</u>
Total financial liabilities	<u>694,433</u>	<u>-</u>	<u>43,479,301</u>	<u>44,173,734</u>

* As detailed in the explanatory memorandum of the Sub-Fund, the redeemable participating units might be subject to redemption restrictions.

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31 December 2016

11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

Liquidity risk (continued)

At 31 December 2015

	Less than 3 months RMB	3 to 6 months RMB	Others*	Total RMB
<u>Financial assets</u>				
Financial assets at fair value				
through profit or loss	116,449,342	-	-	116,449,342
Cash and bank balances	2,621,943	-	-	2,621,943
Interest receivable	1,654,547	1,309,552	-	2,964,099
Deposit reserve	15,176	-	-	15,176
Total financial assets	<u>120,741,008</u>	<u>1,309,552</u>	<u>-</u>	<u>122,050,560</u>
<u>Financial liabilities</u>				
Redemption proceeds payable	591,064	-	-	591,064
Management fee payable	118,926	-	-	118,926
Trustee fee payable	40,000	-	-	40,000
Other payables and accruals	227,414	-	-	227,414
Net assets attributable to unitholders*	<u>-</u>	<u>-</u>	<u>119,138,188</u>	<u>119,138,188</u>
Total financial liabilities	<u>977,404</u>	<u>-</u>	<u>119,138,188</u>	<u>120,115,592</u>

* As detailed in the explanatory memorandum of the Sub-Fund, the redeemable participating units might be subject to redemption restrictions.

Credit and counterparty risk

The Sub-Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

If the issuer of any of the fixed income securities in which the Sub-Fund's assets are invested in defaults, the performance of the Sub-Fund will be adversely affected.

The Sub-Fund's maximum exposure to credit risk at the end of the reporting period is the carrying amount of total assets as shown on the statement of financial position.

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11. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

Credit and counterparty risk (continued)

The Manager considers that none of these assets are impaired nor past due as at 31 December 2016.

The Sub-Fund has the majority of its fixed income securities invested in credit rating of AA or above bonds. The default risk of the issuer is expected to be lowered by investing in a high credit rating instruments. However, it is worthwhile to note that due to the limited access of the Chinese fixed income securities, the credit rating are normally provided by Chinese local rating agencies, including but not limited to four major agencies (i) China Chengxin International Credit Rating Co., Ltd. (a joint-venture with Fitch Ratings and the International Finance Corporation ("IFC")); (ii) China Lianhe Credit Rating Co. Ltd.; (iii) Dagong Global Credit Rating Co., Ltd. (in partnership with Moody's); and (iv) Shanghai Far East Credit Rating Co., Ltd. Chinese fixed income securities are not usually rated by internationally recognised credit ratings agency like Moody's, Standard & Poor's and Fitch Ratings. Below is a table showing the allocation of fixed income securities in the bond portfolio in terms of credit ratings:

At 31 December 2016	Assigned by the Chinese local rating agencies	Percentage of fixed income portfolio (%)
	AAA	6.22%
	AA*	86.11%
		<u>92.33%</u>

At 31 December 2015	Assigned by the Chinese local rating agencies	Percentage of fixed income portfolio (%)
	AA*	73.23%

* AA credit ratings including AA+, AA and AA- ratings.

The Chinese government bonds held by the Sub-Fund of RMB3,157,500 (2015: RMB31,570,109) as at 31 December 2016 do not have credit rating issued by local credit rating agencies. There is no indication to the Manager that these financial assets are impaired as at 31 December 2016 and 31 December 2015.

All transactions in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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.

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12. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund for the years ended 31 December 2016 and 2015.

13. EVENTS AFTER THE REPORTING PERIOD

- (a) A new sub-fund, CUAM Select US Dollar Bond Fund, was commenced as a separate sub-fund of the Trust on 27 March 2017 with new supplemental deed dated 12 January 2017.
- (b) On 7 March 2017, the Manager declared, on behalf of the Sub-Fund, an interim dividend of RMB76,779 (at RMB0.02 per unit). This distribution was paid out on 21 March 2017.
- (c) During the period between the reporting date and the date of authorisation of these financial statements, the Sub-Fund has a total subsequent subscription and redemption of RMB10,464 and RMB5,329,916 respectively.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee and the Manager on 24 April 2017.

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UNAUDITED INVESTMENT PORTFOLIO

31 December 2016

**LISTED/QUOTED DEBT
SECURITIES**

China

Denominated in RMB

	Holding/ Nominal value	Fair value	% of net assets
ANSHAN CITY CONSTRUCTION INVESTMENT DEVELOPMENT CO LTD 5.66% A 06MAY2020	1,000,000	1,020,000	2.35
CHINA GOVT BOND 4.26% S/A 31JUL2021	3,000,000	3,157,500	7.26
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.88% A 13JUN2021	1,500,000	1,517,400	3.49
HENAN HUANGHE WHIRLWIND CO LTD 6.28% A 23AUG2017	1,000,000	1,012,000	2.33
RED STAR MACALLINE GROUP CORP LTD 4.5% A 10NOV2020	4,000,000	4,070,000	9.36
RISESUN REAL ESTATE DEVELOPMENT CO LTD 5.78% A 24JUN2020	3,000,000	3,180,000	7.31
SHANGHAI LAKE DIANSHAN NEWTOWN DEVELOPMENT CO LTD 5.95% A 30JAN2021	3,500,000	3,710,000	8.53
SHANGHAI RAAS BLOOD PRODUCTS CO LTD 5.6% A 26MAR2018	3,803,000	3,852,439	8.86
SHENZHEN O-FILM TECH CO LTD 7.9% A 24FEB2017	4,089,000	4,101,267	9.43
SICHUAN HEBANG CORP LTD 6.4% A 25NOV2019	4,014,000	4,210,686	9.69
SINOPHARM GROUP CO LTD 4.54% A 13MAR2018	1,000,000	1,015,000	2.33
XIAMEN YUZHOU GRAND FUTURE REAL ESTATE DEVELOPMENT CO LTD 5.1% A 07DEC2020	4,000,000	4,000,000	9.20
ZHEJIANG TRANSFAR CO LTD 5.6% A 15MAR2018	2,000,000	2,022,000	4.65

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UNAUDITED INVESTMENT PORTFOLIO (continued)

31 December 2016

**LISTED/QUOTED DEBT
SECURITIES**
China (continued)
Denominated in RMB

	Holding/ Nominal value	Fair value	% of net assets
ZHEJIANG YASHA DECORATION CO LTD 5.2% A 13JUL2017	3,700,000	3,711,100	8.54
ZHUCHENG ECONOMIC DEVELOPMENT & INVESTMENT CO LTD 6.8% A 29NOV2019	190,000	118,323	0.27
Total listed/quoted debt securities		40,697,715	93.60

**COLLECTIVE INVESTMENT
SCHEMES**
China
Denominated in RMB

FORTUNE SGAM XIANJIN TIANYI MONEY MARKET FUND	3	300	0.00
Total collective investment schemes		300	0.00

TOTAL NET ASSETS

	Fair value	% of net assets
Total debt securities (Cost: RMB40,732,984)	40,697,715	93.60
Total collective investment schemes (Cost: RMB300)	300	0.00
Cash and cash equivalents	2,865,071	6.59
Other net liabilities	(83,785)	(0.19)
Total net assets	43,479,301	100.00

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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

31 December 2016

	Movement				
	At 1 January 2016	Additions	Corporate Action	Disposals	At 31 December 2016
<u>LISTED/QUOTED DEBT SECURITIES</u>					
China					
Denominated in RMB					
ANSHAN CITY CONSTRUCTION INVESTMENT DEVELOPMENT CO LTD 5.66% A 06MAY2020	-	1,000,000	-	-	1,000,000
CHINA DEVELOPMENT BANK CORP 3.74% A 10SEP2025	10,000,000	-	-	(10,000,000)	-
CHINA DEVELOPMENT BANK CORP 5.84% A 03JAN2019	-	5,000,000	-	(5,000,000)	-
CHINA GOVT BOND 3.51% S/A 16JUL2025	10,000,000	-	-	(10,000,000)	-
CHINA GOVT BOND 4.26% S/A 31JUL2021	-	14,000,000	-	(11,000,000)	3,000,000
DALIAN WANDA COMMERCIAL PROPERTIES CO LTD 3.88% A 13JUN2021	-	1,500,000	-	-	1,500,000
EVERGRANDE REAL ESTATE GROUP LTD 5.3% A 08JUL2019	-	1,000,000	-	(1,000,000)	-
EVERGRANDE REAL ESTATE GROUP LTD 5.38% A 19JUN2020	-	170,000	-	(170,000)	-
EVERGRANDE REAL ESTATE GROUP LTD 6.98% A 08JUL2022	-	1,488,000	-	(1,488,000)	-
EXPORT-IMPORT BANK OF CHINA 3.87% A 14SEP2025	10,000,000	-	-	(10,000,000)	-
HENAN HUANGHE WHIRLWIND CO LTD 6.28% A 23AUG2017	-	1,000,000	-	-	1,000,000
JIAN CITY CONSTRUCTION INVESTMENT & DEVELOPMENT CO LTD 7.8% A 20APR2019	10,000,000	-	-	(10,000,000)	-
PUBANG LANDSCAPE ARCHITECTURE CO LTD 5.5% A 10MAY2018	8,850,500	3,850,500	-	(12,701,000)	

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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

31 December 2016

	Movement				
	At 1 January 2016	Additions	Corporate Action	Disposals	At 31 December 2016
<u>LISTED/QUOTED DEBT SECURITIES</u> (continued)					
China (continued)					
Denominated in RMB					
RED STAR MACALLINE GROUP CORP LTD 4.5% A 10NOV2020	-	5,000,000	-	(1,000,000)	4,000,000
RISESUN REAL ESTATE DEVELOPMENT CO LTD 5.78% A 24JUN2020	-	10,000,000	-	(7,000,000)	3,000,000
SHANGHAI KINGHILL LTD 6.5% A 22JAN2018	10,000,000	-	-	(10,000,000)	-
SHANGHAI LAKE DIANSHAN NEWTOWN DEVELOPMENT CO LTD 5.95% A 30JAN2021	10,000,000	-	-	(6,500,000)	3,500,000
SHANGHAI RAAS BLOOD PRODUCTS CO LTD 5.6% A 26MAR2018	5,503,000	5,503,000	-	(7,203,000)	3,803,000
SHENZHEN O-FILM TECH CO LTD 7.9% A 24FEB2017	89,000	5,000,000	-	(1,000,000)	4,089,000
SICHUAN HEBANG CORP LTD 6.4% A 25NOV2019	10,000,000	-	-	(5,986,000)	4,014,000
SINOPHARM GROUP CO LTD 4.54% A 13MAR2018	-	1,000,000	-	-	1,000,000
XIAMEN YUZHOU GRAND FUTURE REAL ESTATE DEVELOPMENT CO LTD 5.1% A 07DEC2020	10,000,000	-	-	(6,000,000)	4,000,000
ZHEJIANG BAOXINIAO GARMENT CO LTD 7.4% A 24NOV2018	4,000,000	-	-	(4,000,000)	-
ZHEJIANG TRANSFAR CO LTD 5.6% A 15MAR2018	2,000,000	2,000,000	-	(2,000,000)	2,000,000
ZHEJIANG YASHA DECORATION CO LTD 5.2% A 13JUL2017	6,000,000	6,400,000	-	(8,700,000)	3,700,000
ZHUCHENG ECONOMIC DEVELOPMENT & INVESTMENT CO LTD 6.8% A 29NOV2019	10,190,000	38,000	-	(10,038,000)	190,000
Total listed/quoted debt securities	116,632,500	63,949,500	-	(140,786,000)	39,796,000

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UNAUDITED STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (continued)

31 December 2016

	Movement				
	At 1 January 2016	Additions	Corporate Action	Disposals	At 31 December 2016
<u>COLLECTIVE INVESTMENT SCHEMES</u>					
China					
Denominated in RMB					
FORTUNE SGAM XIANJIN TIANYI MONEY MARKET FUND	-	84,023	-	(84,020)	3
Total collective investment schemes	-	84,023	-	(84,020)	3

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UNAUDITED PERFORMANCE TABLE

31 December 2016

1. NET ASSET VALUE

	Net asset value per unit RMB	Total net asset value RMB
<u>As at 31 December 2016</u>		
- Class A units	10.448	39,210,115
- Class I units	10.865	4,269,186
<u>As at 31 December 2015</u>		
- Class A units	10.583	59,924,268
- Class I units	10.915	59,213,920
<u>As at 31 December 2014</u>		
- Class A units	10.358	103,812,568
- Class I units	10.592	93,688,529

2. HIGHEST ISSUE AND LOWEST REDEMPTION PRICES PER UNIT

	Highest subscription unit price RMB	Lowest redemption unit price RMB
<u>During the year ended 31 December 2016</u>		
- Class A units	10.750	10.417
- Class I units	11.106	10.833
<u>During the year ended 31 December 2015</u>		
- Class A units	10.661	10.370
- Class I units	10.986	10.605
<u>During the year ended 31 December 2014</u>		
- Class A units	10.632	9.962
- Class I units	10.860	10.106
<u>During the year ended 31 December 2013</u>		
- Class A units	10.382	9.957
- Class I units	10.482	10.097

CHINA UNIVERSAL INTERNATIONAL SERIES – CUAM RMB BONDPLUS FUND
(A sub-fund of China Universal International Series)

UNAUDITED PERFORMANCE TABLE (continued)

31 December 2016

2. HIGHEST ISSUE AND LOWEST REDEMPTION PRICES PER UNIT (continued)

	Highest subscription unit price RMB	Lowest redemption unit price RMB
<u>During the period from 17 February 2012 (date of inception) to 31 December 2012</u>		
- Class A units	10.233	9.987
- Class I units	10.269	9.996