



**HAITONG RMB INVESTMENT FUND SERIES**  
**- Haitong Global RMB Fixed Income Fund**  
**(A sub-fund of an open ended unit trust established**  
**as an umbrella fund under the laws of Hong Kong)**

**Interim Report**  
**For the period from 1 January 2018 to 30 June 2018**  
**(Unaudited accounts)**

HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND

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**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND**

**ADMINISTRATION AND MANAGEMENT**

**MANAGER**

Haitong International Asset Management (HK) Limited  
22/F Li Po Chun Chambers  
189 Des Voeux Road  
Central  
Hong Kong

**TRUSTEE AND REGISTRAR**

BOCI-Prudential Trustee Limited  
12/F & 25/F, Citicorp Centre  
18 Whitfield Road  
Causeway Bay  
Hong Kong

**DIRECTORS OF THE MANAGER**

Lo Wai Ho  
Sun Tong  
Yang Jianxin  
Chen Xuan (appointed on 1 February 2018)  
Poon Mo Yiu (appointed on 28 March 2018)  
Zhang Xinjun (resigned on 28 March 2018)

**AUDITOR**

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

**SOLICITORS TO THE MANAGER**

King & Wood Mallesons  
13/F, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Central  
Hong Kong

**CUSTODIAN**

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

# HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND

## REPORT OF MANAGER

### Market Review

In the first half of 2018, the Dim Sum bond market performed strong and resilient given the volatile market surrounded by influential news and events. The Markit iBoxx offshore RMB bond index recorded 2.73% total return and kept continuous upward trend during the period. Among different categories, Government Bond outperformed strongly with the funds flight to safety searching for high quality assets, correspondingly the High Yield Bonds performed the worst but still achieved 1.41% positive total return.

The year-on-year (YoY) growth of Chinese GDP recorded 6.8% and 6.7% in the first and second quarter respectively, and although the Purchasing Managers' Index (PMI) data was corrected in January and February, it still stood above the expansion-contraction line and made it 23 months consecutively, suggested that China's economic activities remained stable in 1H18. For the financial side, during the National People's Congress in early March, the government's report once again mentioned that it will continue to strengthen regulation over the finance industry, signaled the central government's tolerance of slowing economic growth and the determination of de-leveraging was unchanged. The decreased onshore financing channels led corporate issuers to tap the offshore market, therefore we saw much more active primary market activities for Dim Sum bonds in 1H18 that brought more diversified assets into the market.

In terms of foreign exchange, both onshore and offshore RMB experienced a reverse story that lost the appreciated gain against USD eventually at the end of June 2018 due to various factors such as US economy recovery, Fed rate hike expectation and US-China trade tensions etc. USD/CNH spot rate changed from 6.5143 at the beginning of the year to 6.6357, depreciated 1.86%. USD/CNY spot rate recorded 6.621 at the end of June, depreciated 1.76% from 6.4106 year to date.

### Portfolio Review

The Fund generated 0.36% returns for Class A and -1.21% returns for Class I during the first half of 2018, the portfolio's weighted average duration was 1.75 years and weighted average yield was approximately 6.20%. Cash and cash equivalents composed 9.22% of the portfolio as of 30 June 2018.

### Market Outlook

The Dim Sum bond market had an overall good performance in 1H18. Looking forward, in the short term, considering that the improving US economy evidenced by macro data released formed the fundamental for strong USD, and the risks brought by trade tensions haven't been well absorbed, the RMB exchange rate is expected to be more volatile. Nevertheless in longer term, RMB depreciation amplitude is limited, given the fact that total export to US only took up less than 4% of Chinese GDP, made its impact on Chinese economy growth relatively controllable. And as not being an open market, the pressure associated with large amount of capital outflow is limited. Besides, the relatively limited dim sum bond market size will provide support for its following performance. Under the context of tight onshore financing, the performances of bonds in different categories are likely to further diverge, we would continue to prefer names with better risk/award profile.

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**Period ended 30 June 2018**

	<b>Period ended 30 June 2018 RMB</b>	<b>Year ended 31 December 2017 RMB</b>
<b>INCOME</b>		
Interest income on financial assets at fair value through profit or loss	9,796,981	26,612,761
Interest income on bank deposits	25,534	68,436
Net (loss)/gain on financial instruments at fair value through profit or loss	(6,447,772)	464,007
Foreign exchange differences, net	480,672	(838,365)
Other Income	-	70,363
	<u>3,855,415</u>	<u>26,377,202</u>
<b>EXPENSES</b>		
Management fee	(1,855,183)	(4,577,645)
Trustee fee	(272,679)	(647,796)
Legal and professional fee	(10,208)	(37,129)
License fee	(3,786)	(7,127)
Custodian fee	(38,159)	(95,176)
Auditor's remuneration	(93,484)	(221,580)
Printing expenses	(23,045)	(29,196)
Postage expense	(15,901)	(37,433)
Publishing charge	(17,432)	(36,311)
Brokerage fee and other transaction costs	(18,120)	(19,874)
Other expenses	(19,090)	(17,971)
	<u>(2,367,087)</u>	<u>(5,727,238)</u>
<b>Operating profit</b>	1,488,328	20,649,964
<b>FINANCE COSTS</b>		
Distribution to the unitholders	(6,414,757)	(15,278,818)
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS DURING THE PERIOD/YEAR</b>	<u>(4,926,429)</u>	<u>5,371,146</u>

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND  
STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

**As at 30 June 2018**

	<b>30 June 2018</b>	<b>31 December 2017</b>
	<b>RMB</b>	<b>RMB</b>
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	338,715,283	362,935,664
Cash and cash equivalents	43,452,582	49,925,919
Interest receivable on debt securities	5,152,637	4,283,333
Amount due from a broker	-	5,109,247
Prepayments	16,469	10,727
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b>387,336,971</b>	<b>422,264,890</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>		
Financial liabilities at fair value through profit or loss	2,106,965	-
Management fee payable	290,817	312,216
Trustee fee payable	42,859	45,515
Custodian fee payable	5,966	6,320
Disbribution payable to unitholders (Note 3)	6,414,757	6,857,153
Redemption proceeds payable	159,845	683,746
Other payables and accruals	98,481	213,640
Amounts due to brokers	5,086,972	13,502,094
	<hr/>	<hr/>
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>	<b>14,206,662</b>	<b>21,620,684</b>
	<hr/>	<hr/>
<b>NET ASSETS VALUE ATTRIBUTABLE TO UNITHOLDERS</b>	<b>373,130,309</b>	<b>400,644,206</b>
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>387,336,971</b>	<b>422,264,890</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>NUMBER OF UNITS IN ISSUE</b>		
- Class A units	3,207,378.30	3,428,178.62
- Class I units	447,103.65	447,103.65
	<hr/>	<hr/>
<b>NET ASSET VALUE PER UNITHOLDER</b>		
	<b>RMB</b>	<b>RMB</b>
- Class A	100.46	102.09
	<hr/>	<hr/>
	<b>US\$</b>	<b>US\$</b>
- Class I	17.18	17.39

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND**  
**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
**(UNAUDITED)**  
**Period ended 30 June 2018**

	<b>Class A RMB</b>	<b>Class I RMB</b>	<b>Total RMB</b>
As at 1 January 2017	488,013,768	48,448,152	536,461,920
Subscription of redeemable units	941,225	-	941,225
Redemption of redeemable units	(142,130,085)	-	(142,130,085)
Increase in net assets attributable to unitholders during the year	<u>3,164,234</u>	<u>2,206,912</u>	<u>5,371,146</u>
As at 31 December 2017 and 1 January 2018	349,989,142	50,655,064	400,644,206
Subscription of redeemable units	615,315	-	615,315
Redemption of redeemable units	(23,202,783)	-	(23,202,783)
Increase in net assets attributable to unitholders during the period	<u>(1,583,379)</u>	<u>256,950</u>	<u>(4,926,429)</u>
As at 30 June 2018	<u><u>322,218,295</u></u>	<u><u>50,912,014</u></u>	<u><u>373,130,309</u></u>

# HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2018

### 1 GENERAL

Haitong RMB Investment Fund Series (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 6 August 2010 (the "Trust Deed") between Haitong International Asset Management (HK) Limited (the "Manager") and BOCI-Prudential Trustee Limited (the "Trustee").

The Trust currently consists of two sub-funds which are Haitong Global RMB Fixed Income Fund and Haitong China RMB Income Fund.

Haitong Global RMB Fixed Income Fund (the "Sub-Fund") was constituted as a separate sub-fund of the Trust on 6 August 2010. 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 investment objective of the Sub-Fund seeks long term capital growth and income in RMB terms by investing primarily in (i) fixed income and debt instruments; (ii) deposits; and (iii) collective investment schemes. The majority of the Income Instruments are denominated in RMB.

The Sub-Fund seeks to invest in Income Instruments issued or distributed outside mainland China in the primary and secondary markets, some of which may be offered on a private placement basis.

### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the Annual Financial Statements for the year ended 31 December 2017.

### 3 DISTRIBUTION

The interim dividend distribution was RMB2.00 per Class A (RMB) unit on 3,207,378.30 units. The Sub-Fund declared dividend on 14 June 2018 and dividend was paid on 11 July 2018.



**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND**  
**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)**  
**Period ended 30 June 2018**

	<b>As at 30 June 2018 % of net asset value</b>	<b>As at 31 December 2017 % of net asset value</b>
<b>DEBT SECURITIES</b>		
Listed		
Denominated in RMB	72.86%	74.25%
Denominated in USD	15.17%	15.90%
	<u>88.03%</u>	<u>90.15%</u>
Unlisted		
Denominated in RMB	4.12%	1.26%
<b>Forward contracts</b>		
Denominated in RMB		
Forward Contracts	-0.56%	0.25%
	<u>          </u>	<u>          </u>
<b>Total listed / quoted investments</b>	91.59%	91.66%
Other net assets	8.41%	8.34%
	<u>          </u>	<u>          </u>
Total net assets	<u>100.00%</u>	<u>100.00%</u>

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND  
PERFORMANCE TABLE (UNAUDITED)**

Published net assets attributable to unitholders

*(Calculated in accordance with the Sub-Fund's Trust Deed)*

	<b>Net asset value per unitholder</b>	<b>Net assets attributable to unitholders</b>
As at 30 June 2018		
- Class A	RMB 100.46	RMB 322,218,295
- Class I	US\$17.18	RMB 50,912,014
As at 31 December 2017		
- Class A	RMB 102.09	RMB 349,989,142
- Class I	US\$17.39	RMB 50,655,064

Highest issue price and lowest redemption price per unit

	<b>Highest issue price per unit</b>	<b>Lowest redemption price per unit</b>
Period ended 30 June 2018		
- Class A	RMB 102.85	RMB 100.46
- Class I	US\$18.17	US\$17.17
Year ended 31 December 2017		
- Class A	RMB 104.76	RMB 101.45
- Class I	US\$17.39	US\$15.54

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND**  
**INVESTMENT PORTFOLIO (UNAUDITED)**  
**As at 30 June 2018**

	Nominal Value / Holding	Market Value RMB	Accrued Interest RMB	% of net assets
<b>LISTED DEBT SECURITIES</b>				
<b>Denominated in RMB</b>				
<i>Cayman</i>				
CAR INC 6.5% S/A 04APR2021	5,000,000	4,891,050	77,466	1.33%
CNI CAPITAL LTD 4.3% S/A 11NOV2019	13,200,000	13,111,956	77,753	3.53%
COUNTRY GARDEN HLDGS CO LTD 5.8% S/A 12MAR2021	22,000,000	21,851,280	384,548	5.96%
FANTASIA HLDGS GROUP CO LTD 9.5% S/A 04MAY2019	13,000,000	12,979,980	192,863	3.53%
SHIMAO PROPERTY HLDGS LTD 5.75% S/A 15MAR2021	19,000,000	18,847,810	318,646	5.14%
		<u>71,682,076</u>	<u>1,051,276</u>	<u>19.49%</u>
<i>China</i>				
BANK OF CHINA LTD/JOHANNESBURG 4.88% S/A 20APR2020	9,840,000	9,935,153	93,407	2.69%
BANK OF CHINA LTD/MACAU 4.65% S/A 05MAR2021	10,000,000	10,047,100	149,055	2.73%
CHINA CONSTRUCTION BANK CORP 4.9% S/A 12NOV2024	22,890,000	22,963,019	144,426	6.19%
CHINA GOVERNMENT BOND 3.4% S/A 30NOV2020	5,000,000	4,972,700	14,438	1.34%
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD 6% A PERP REGS (PREFERENCE SHARES)	20,000,000	20,220,800	664,110	5.60%
		<u>68,138,772</u>	<u>1,065,436</u>	<u>18.55%</u>
<i>Hong Kong</i>				
LENOVO GROUP LTD 4.95% S/A 10JUN2020	25,000,000	24,879,000	64,418	6.68%
VANKE REAL ESTATE HONG KONG CO LTD 4.5% S/A 04DEC2018	13,290,000	13,286,810	42,601	3.57%
		<u>38,165,810</u>	<u>107,019</u>	<u>10.25%</u>
<i>Netherlands</i>				
BMW FINANCE NV 4.25% A 18OCT2020	10,000,000	9,994,700	296,918	2.76%
		<u>9,994,700</u>	<u>296,918</u>	<u>2.76%</u>
<i>Singapore</i>				
BOC AVIATION LTD 4.5% S/A 17OCT2020	16,370,000	16,382,114	149,348	4.43%
BOC AVIATION PTE LTD 4.5% S/A 20NOV2018	1,000,000	1,000,580	4,932	0.27%
		<u>17,382,694</u>	<u>154,280</u>	<u>4.70%</u>
<i>Virgin Island, BT</i>				
CENTRAL PLAZA DEVELOPMENT LTD 6.875% S/A 17FEB2019	9,000,000	9,112,500	220,377	2.50%
FRANSHION BRILLIANT LTD 5.2% S/A 08MAR2021	20,800,000	20,700,992	337,815	5.65%
SINOCHEM OFFSHORE CAPITAL CO LTD 4.4% S/A 14FEB2021	5,000,000	4,994,100	81,973	1.36%
UNICAN LTD 5.15% S/A 02JUL2018	10,590,000	10,582,905	267,463	2.91%
FUQING INVESTMENT MANAGEMENT LTD 4.85% S/A 21JUL2018	12,000,000	12,000,600	253,529	3.28%
VALUE SUCCESS INTL LTD 4.75% S/A 04NOV2018	5,230,000	5,236,538	38,795	1.41%
		<u>62,627,635</u>	<u>1,199,952</u>	<u>17.11%</u>

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG GLOBAL RMB FIXED INCOME FUND**  
**INVESTMENT PORTFOLIO (UNAUDITED)**  
**As at 30 June 2018**

	Nominal Value / Holding	Market Value RMB	Accrued Interest RMB	% of net assets
<b>Denominated in USD</b>				
<i>Cayman</i>				
MODERN LAND CHINA CO LTD 6.875% S/A 20OCT2019	600,000	3,811,605	53,158	1.04%
SUNAC CHINA HLDGS LTD 8.75% S/A 05DEC2019	500,000	3,382,021	20,135	0.91%
CHINA SCE PROPERTY HLDGS LTD 10% S/A 02JUL2020	200,000	1,387,814	65,538	0.39%
CIFI HLDGS GROUP CO LTD 7.75% S/A 05JUN2020	400,000	2,690,373	14,267	0.72%
TIMES CHINA HLDGS LTD 5.75% S/A 26APR2022	550,000	3,248,000	37,261	0.88%
WYNN MACAU LTD 5.5% S/A 01OCT2027 REGS	500,000	3,170,307	45,057	0.86%
YUZHOU PROPERTIES CO LTD 5.375% S/A PERP	500,000	2,870,912	45,023	0.78%
YUZHOU PROPERTIES CO LTD 6% S/A 25JAN2022	516,000	3,195,633	88,344	0.88%
YUZHOU PROPERTIES CO LTD 6% S/A 25OCT2023	500,000	2,975,161	35,899	0.81%
CHINA AOYUAN PROPERTY GROUP LTD 6.525% S/A 25APR2019	300,000	1,993,484	23,424	0.54%
CHINA EVERGRANDE GROUP 8.75% S/A 28JUN2025	1,048,000	6,127,726	3,376	1.64%
LOGAN PROPERTY HLDGS CO LTD 5.25% S/A 23FEB2023	500,000	2,852,984	17,880	0.77%
POWERLONG REAL ESTATE HLDGS LTD 7.625% S/A 26NOV2018	200,000	1,327,266	9,545	0.36%
XINYUAN REAL ESTATE CO LTD 7.75% S/A 28FEB2021	500,000	2,832,572	87,031	0.78%
XINYUAN REAL ESTATE CO LTD 8.125% S/A 30AUG2019	1,000,000	6,278,713	182,485	1.73%
		<u>48,144,571</u>	<u>728,423</u>	<u>13.09%</u>
<i>Hong Kong</i>				
YANCOAL INTL RESOURCES DEVELOPMENT CO LTD 5.73% S/A 16M	200,000	1,304,918	9,283	0.35%
		<u>1,304,918</u>	<u>9,283</u>	<u>0.35%</u>
<i>Virgin Island, BT</i>				
OCEANWIDE HLDGS INTL 2015 CO LTD 9.625% S/A 11AUG2020	500,000	3,197,744	123,149	0.89%
OVERSEAS FINANCE 2016 B LTD 4.7% S/A 06SEP2021	500,000	3,076,363	49,319	0.84%
		<u>6,274,107</u>	<u>172,468</u>	<u>1.73%</u>
Total of listed debt securities		<u>323,715,283</u>	<u>4,785,055</u>	<u>88.03%</u>
<b>UNLISTED DEBT SECURITIES</b>				
<b>Denominated in RMB</b>				
<i>Korea</i>				
BMW FINANCE NV 4.25% A 18OCT2020	15,000,000	15,000,000	367,582	4.12%
		<u>15,000,000</u>	<u>367,582</u>	<u>4.12%</u>
Total of unlisted debt securities		<u>15,000,000</u>	<u>367,582</u>	<u>4.12%</u>
<b>FORWARD CONTRACTS</b>				
<b>Denominated in RMB</b>				
Forwards contracts		<u>(2,106,965)</u>	<u>-</u>	<u>-0.56%</u>
<b>TOTAL NET ASSETS</b>				
<b>Denominated in RMB</b>				
Total debt securities (Cost: RMB 345,434,009)		343,867,920		92.15%
Forwards contracts		(2,106,965)		-0.56%
Total investment portfolio (Cost: RMB 345,434,009)		<u>341,760,955</u>		<u>91.59%</u>
Other net assets		31,369,354		8.41%
Total net assets		<u>373,130,309</u>		<u>100.00%</u>

Note: Investments are accounted for on a trade-date basis.