



**HAITONG RMB INVESTMENT FUND SERIES**

**- Haitong China RMB 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 2020 to 30 June 2020**

**(Unaudited accounts)**

HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND

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## HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB 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**

Poon Mo Yiu  
Sun Tong  
Yang Jianxin  
Luk Wai Yin

#### **Auditors**

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

#### **RQFII Local Custodian**

Bank of China Limited  
No. 1, Fuxingmen Nei Dajie  
Beijing 100818  
China

## HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND

### REPORT OF MANAGER

#### Fund Performance

In the first half of 2020, our fund's portfolio mainly focused on the bonds with high rated and mid-duration to reduce credit risk and interest rate risk exposure.

(A Class) The fund's total return in 1H2020 was 0.75%.

(I Class) The fund's total return in 1H2020 was 0.95%.

#### Market Review

In the first half of 2020, the return of CSI Credit Bond Index (total price) rose by 1.94% while the CSI Aggregate Bond Index (total price) made by 0.84%. Overall, the yield of 10-year government bond showed V-shape at the first half of 2020, and the yield curve of credit bond moved downward slightly and steepened as short-end dropped more significantly.

The market was risk off rapidly due to the outbreak of Covid-19 since February, also led to a rapid decline of yields. The fast spreading of coronavirus brought huge negative impact on Mainland China, made the government has issued a series of policies, including increasing the size of open market operations and lower the Loan Prime Rate (LPR), therefore, the onshore bond market kept rising from January to April.

Since the end of April, despite the globally pandemic, the Covid-19 was well controlled in mainland China and there has been no significant second-wave in the second quarter. The production resumption in China has been recovered, with the GDP Annual Growth Rate recorded 3.4% in the second quarter, jumping from -6.8% in Q1. For China Official Manufacturing Purchasing Manager index (PMI), there has been 4 months above the expansion-contraction line from March to June, which showed that the overall economic activities still performed well.

#### Market Outlook

Looking forward to the second half of the year, we think exogenous factors will support the onshore bond market and there will be good opportunity for credit bond due to active domestic fiscal policies.

For the oversea markets, the FED launched unlimited QE in late March and injected massive liquidity to the market. Meanwhile, to ease the economic damages from the pandemic, central banks of various countries have been made aggressive monetary policies that worked together with fiscal side of stimulus packages. Such ample market liquidity enlarges the spread of government bond between the US. and China, make domestic bond yields attractive. Based on Bloomberg data, in the first half of 2020, foreign investors bought about RMB 319.82 billion in domestic bonds, which was the largest since the launch of Bond Connect in July 2017. Looking ahead to the second half, we believe the domestic bond market, with attractive valuation, will harvest more and more long-term foreign investors.

On domestic side, the improving economic data, the increasing social financing data and the roaring of stock market made the investor's risk appetite rebound significantly. Meanwhile, the measures announced by the National People's Congress and the Chinese People's Political Consultative Conference were weaker than market expectation, and the policy turned from "monetary-easing" to "credit-releasing". Therefore, we think the government bond will underperform to the Credit bond in the second half of 2020.

Overall, we believe the performances of bonds in different categories will be well in the second half of 2019, and our strategy is to overweight high rated credit bonds and extend the duration appropriately.

Strategy: High grade bond, extend the duration appropriately.

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**  
**Period ended 30 June 2020**

	<b>Period from 1 January 2020 to 30 June 2020 RMB</b>	<b>Year ended 31 December 2019 RMB</b>
<b>INCOME</b>		
Dividend income	-	74,553
Interest income on financial assets at fair value through profit or loss	4,070,990	8,158,348
Interest income on bank deposits	22,812	79,108
Net (loss)/gain on financial assets at fair value through profit or loss	(713,000)	273,524
	<u>3,380,802</u>	<u>8,585,533</u>
<b>EXPENSES</b>		
Management fee	(855,352)	(1,732,628)
Trustee fee	(240,000)	(483,871)
Legal and professional fee	(125,594)	(130,334)
Custodian fee	(63,845)	(128,983)
Auditors' remuneration	(137,113)	(270,495)
Transaction cost	(3,225)	(11,550)
Other expenses	(67,396)	(118,370)
Foreign exchange differences, net	(369)	(2,564)
	<u>(1,492,894)</u>	<u>(2,878,795)</u>
<b>Operating Profit</b>	1,887,908	5,706,738
<b>FINANCE COSTS</b>		
Distributions to unitholders	(200,329)	(471,508)
<b>Profit Before Tax</b>	1,687,579	5,235,230
Withholding Tax	(1,879)	1,890,385
<b>INCREASE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS DURING THE PERIOD/YEAR</b>	<u>1,685,700</u>	<u>7,125,615</u>

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND**  
**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**As at 30 June 2020**

	<b>30 June 2020</b>	<b>31 December 2019</b>
	<b>RMB</b>	<b>RMB</b>
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	180,344,180	185,256,820
Cash and cash equivalents	19,835,800	15,338,977
Interest receivable on debt securities	4,981,616	4,527,764
Interest receivable on bank deposits	1,406	1,001
Prepayments	21,929	13,678
<b>TOTAL ASSETS</b>	<u>205,184,931</u>	<u>205,138,240</u>
<b>LIABILITIES</b>		
Redemption proceeds payable	-	188,670
Management fee payable	149,894	149,064
Trustee fee payable	42,581	41,333
Distributions payable to unitholders (Note 4)	200,329	214,879
Other payables and accruals	252,945	281,622
Tax payable	765,911	765,871
<b>TOTAL LIABILITIES (EXCLUDING NET ASSETS ATTRIBUTABLE TO UNITHOLDERS)</b>	<u>1,411,660</u>	<u>1,641,439</u>
<b>NET ASSETS ATTRIBUTABLE TO UNITHOLDERS</b>	<u>203,773,271</u>	<u>203,496,801</u>
<b>TOTAL LIABILITIES</b>	<u>205,184,931</u>	<u>205,138,240</u>

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND**  
**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (UNAUDITED)**  
**Period ended 30 June 2020**

	<b>Class A RMB</b>	<b>Class I RMB</b>	<b>Total RMB</b>
<b>As at 1 January 2019</b>	26,896,252	175,995,974	202,892,226
Subscription of redeemable units	27,231	-	27,231
Redemption of redeemable units	(6,548,271)	-	(6,548,271)
Increase in net assets attributable to unitholders during the year	316,532	6,809,083	7,125,615
<b>As at 31 December 2019 and 1 January 2020</b>	20,691,744	182,805,057	203,496,801
Subscription of redeemable units	10,958	-	10,958
Redemption of redeemable units	(1,420,188)	-	(1,420,188)
(Decrease)/increase in net assets attributable to unitholders during the period	(47,968)	1,733,668	1,685,700
<b>As at 30 June 2020</b>	<u>19,234,546</u>	<u>184,538,725</u>	<u>203,773,271</u>

**NUMBER OF UNITS IN ISSUE**

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

	<b>Number of Class A units</b>	<b>Number of Class I units</b>
At 1 January 2019	282,996.33	1,665,727.02
Subscription of units	285.63	-
Redemption of units	(68,403.05)	-
At 31 December 2019 and 1 January 2020	214,878.91	1,665,727.02
Subscription of units	113.60	-
Redemption of units	(14,663.94)	-
At 30 June 2020	<u>200,328.57</u>	<u>1,665,727.02</u>

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**As at 30 June 2020**

**Notes to the Financial Statements**

**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 consists of two sub-funds, namely Haitong Global RMB Fixed Income Fund and Haitong China RMB Income Fund, as at 30 June 2020.

Haitong China RMB Income Fund (the "Sub-fund") was constituted as a separate sub-fund of the Trust on 17 February 2012. The Sub-Fund is an open-ended unit trust and is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC (the "SFC Code"). SFC authorisation is not a recommendation or endorsement of a scheme nor does it guarantee the commercial merits of a scheme or its performance. It does not mean the scheme is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

Haitong China RMB Income Fund seeks capital growth and income in RMB terms through investment in a diversified portfolio consisting primarily of RMB denominated and settled debt instruments.

**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 preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilised in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates. 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 2019.



HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND  
NOTES TO THE FINANCIAL STATEMENTS  
As at 30 June 2020

**3 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

	30 June 2020 RMB	31 December 2019 RMB
Net assets attributable to unitholders (per financial statements)	<u>203,773,271</u>	<u>203,496,801</u>

**4 DISTRIBUTION**

The interim dividend distribution was RMB 1.00 per Class A unit on 200,328.57 Class A units. The Sub-Fund declared dividend on 19 June 2020 and dividend was paid on 10 July 2020.

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND**  
**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)**  
**Period ended 30 June 2020**

	At 1 January 2020	Movement in holdings		At 30 June 2020
		Additions	Disposals	
<b><u>LISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
<i>China</i>				
YUNNAN HIGHWAY DEVELOPMENT AND INVESTMENT CO LTD 7% A 24APR2020	150,000	-	(150,000)	-
Total listed debt securities	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>
<b><u>UNLISTED DEBT SECURITIES</u></b>				
<b>Denominated in RMB</b>				
<i>China</i>				
ALUMINUM CORP OF CHINA 5.38% A 16JUN2020	100,000	-	(100,000)	-
ANSHAN IRON & STEEL GROUP CO LTD 4.29% A 08MAR2022	100,000	-	-	100,000
BAOSHAN IRON & STEEL CO LTD 3.69% A 24JAN2022	100,000	-	-	100,000
BRIGHT FOOD GROUP CO LTD 4.01% A 17AUG2021	100,000	-	-	100,000
CHINA DEVELOPMENT BANK CORP 2.96% A 18FEB2021	200,000	-	-	200,000
CHINA DEVELOPMENT BANK CORP 3.74% A 10SEP2025	100,000	-	-	100,000
CHINA NATIONAL BUILDING MATERIAL CO LTD 4.05% A 19NOV2021	100,000	-	-	100,000
CHINA RESOURCES LAND LTD 4.98% A 04APR2021	100,000	-	-	100,000
CHINA VANKE CO LTD 4.03% A 15NOV2021	100,000	-	-	100,000
JIANGSU COMMUNICATIONS HLDG CO LTD 3.97% A 22JUL2024	100,000	-	-	100,000
LONGFOR GROUP HLDGS LTD 4.8% A 21JUL2020	100,000	-	-	100,000
MA'ANSHAN CIHU HIGH TECHNOLOGY DEVELOPMENT ZONE INVESTMENT CO LTD 6.85% A 09SEP2021	200,000	-	-	200,000
OVERSEAS CHINESE TOWN ENTERPRISES CO LTD 4.07% A 03AUG2021	100,000	-	-	100,000
POLY REAL ESTATE GROUP CO LTD 4.7% A 13FEB2020	100,000	-	(100,000)	-
SANY GROUP CO LTD 3% A 20APR2023	-	100,000	-	100,000
SEAZEN HLDGS CO LTD 7.2% A 16MAR2022	-	100,000	-	100,000
SHENZHEN EXPRESSWAY CO LTD 4.49% A 15AUG2023	-	100,000	-	100,000
SHOUGANG GROUP CO LTD 4.49% A 10AUG2021	100,000	-	-	100,000
YANKUANG GROUP CO LTD 5% A 07JUL2020	100,000	-	-	100,000
Total unlisted debt securities	<u>1,800,000</u>	<u>300,000</u>	<u>(200,000)</u>	<u>1,900,000</u>
Total portfolio holdings	<u>1,950,000</u>	<u>300,000</u>	<u>(350,000)</u>	<u>1,900,000</u>

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

Published net assets attributable to unitholders

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

	<b>Net assets attributable to unitholders per unit RMB</b>	<b>Net assets attributable to unitholders RMB</b>
As at 30 June 2020		
- Class A	96.01	19,234,546
- Class I	110.78	184,538,725
As at 31 December 2019		
- Class A	96.29	20,691,744
- Class I	109.74	182,805,057

Highest issue price and lowest redemption price per unit

	<b>Highest issue price per unit RMB</b>	<b>Lowest redemption price per unit RMB</b>
Year ended 30 June 2020		
- Class A	97.99	96.01
- Class I	111.83	109.78
Year ended 31 December 2019		
- Class A	97.28	95.14
- Class I	109.74	105.77

**HAITONG RMB INVESTMENT FUND SERIES - HAITONG CHINA RMB INCOME FUND  
INVESTMENT PORTFOLIO (UNAUDITED)  
As at 30 June 2020**

	<u>Holding/ Nominal Value</u>	<u>Fair Value</u>	<u>Accrued Interest</u>	<u>% of net asset</u>
		<b>RMB</b>	<b>RMB</b>	
<b><u>UNLISTED DEBT SECURITIES</u></b>				
<i>China</i>				
<b>Denominated in RMB</b>				
ANSHAN IRON & STEEL GROUP CO LTD 4.29% A 08MAR2022	100,000	10,169,200	135,164	5.06%
BAOSHAN IRON & STEEL CO LTD 3.69% A 24JAN2022	100,000	10,111,940	160,303	5.04%
BRIGHT FOOD GROUP CO LTD 4.01% A 17AUG2021	100,000	10,133,620	349,506	5.14%
CHINA DEVELOPMENT BANK CORP 2.96% A 18FEB2021	200,000	20,097,500	216,743	9.97%
CHINA DEVELOPMENT BANK CORP 3.74% A 10SEP2025	100,000	10,277,540	301,448	5.19%
CHINA NATIONAL BUILDING MATERIAL CO LTD 4.05% A 19NOV2021	100,000	10,154,220	248,976	5.11%
CHINA RESOURCES LAND LTD 4.98% A 04APR2021	100,000	10,160,660	120,067	5.05%
CHINA VANKE CO LTD 4.03% A 15NOV2021	100,000	10,137,650	252,150	5.10%
JIANGSU COMMUNICATIONS HLDG CO LTD 3.97% A 22JUL2024	100,000	10,178,360	374,221	5.18%
LONGFOR GROUP HLDGS LTD 4.8% A 21JUL2020	100,000	10,008,820	453,771	5.13%
MA'ANSHAN CIHU HIGH TECHNOLOGY DEVELOPMENT ZONE INVESTMENT CO LTD 6.85% A 09SEP2021	200,000	8,176,740	443,191	4.23%
OVERSEAS CHINESE TOWN ENTERPRISES CO LTD 4.07% A 03AUG2021	100,000	10,130,960	370,303	5.15%
SANY GROUP CO LTD 3% A 20APR2023	100,000	9,831,720	59,178	4.85%
SEAZEN HLDGS CO LTD 7.2% A 16MAR2022	100,000	10,234,020	211,068	5.13%
SHENZHEN EXPRESSWAY CO LTD 4.49% A 15AUG2023	100,000	10,368,980	393,795	5.28%
SHOUGANG GROUP CO LTD 4.49% A 10AUG2021	100,000	10,168,190	399,929	5.19%
YANKUANG GROUP CO LTD 5% A 07JUL2020	100,000	10,004,060	491,803	5.15%
Total unlisted debt securities		<u>180,344,180</u>	<u>4,981,616</u>	<u>90.95%</u>
<b><u>TOTAL NET ASSETS</u></b>				
<b>Denominated in RMB</b>				
Total debt securities (Cost: RMB 180,159,114)		185,325,796		90.95%
Cash and cash equivalents		19,835,800		9.73%
Other net liabilities		(1,388,325)		-0.68%
<b>Total net assets</b>		<u>203,773,271</u>		<u>100.00%</u>

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