

# United China Onshore Funds

- United China A-Shares  
Innovation Fund
- United China A-Shares  
Consumption Upgrade  
Fund

## Annual Report

for the financial year ended  
31 December 2020



## **United China Onshore Funds**

(Constituted under a Trust Deed in the Republic of Singapore)

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### **MANAGER**

UOB Asset Management Ltd

Registered Address:

80 Raffles Place

UOB Plaza

Singapore 048624

Company Registration No. : 198600120Z

Tel: 1800 22 22 228

### **DIRECTORS OF UOB ASSET MANAGEMENT LTD**

Lee Wai Fai

Eric Tham Kah Jin

Peh Kian Heng

Thio Boon Kiat

### **TRUSTEE**

State Street Trust (SG) Limited

168 Robinson Road

#33-01, Capital Tower

Singapore 068912

### **CUSTODIAN / ADMINISTRATOR / REGISTRAR**

State Street Bank and Trust Company, acting through its Singapore Branch

168 Robinson Road

#33-01, Capital Tower

Singapore 068912

### **AUDITOR**

PricewaterhouseCoopers LLP

7 Straits View, Marina One

East Tower, Level 12

Singapore 018936

### **SUB-MANAGER**

Ping An Fund Management Company Limited

No. 5033, Yitian Road

34F Ping An Financial Center Futian District, Shenzhen

518033 People's Republic of China

**United China A-Shares Innovation Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**A) Fund Performance**

**Class JPY Acc**

<b>Fund Performance/ Benchmark Returns</b>	<b>3 mth % Growth</b>	<b>6 mth % Growth</b>	<b>1 yr % Growth</b>	<b>3 yr Ann Comp Ret</b>	<b>5 yr Ann Comp Ret</b>	<b>10 yr Ann Comp Ret</b>	<b>Since Inception 1 August 2019 Ann Comp Ret</b>
United China A-Shares Innovation Fund	24.00	43.27	86.48	N/A	N/A	N/A	79.95
Benchmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar.

Note: The performance returns of the Fund are in Japanese Yen based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.

The benchmark of the Fund: There is no benchmark for the Sub-Fund as Manager is of the view that there is no appropriate benchmark for the Sub-Fund.

**Class A SGD Acc**

<b>Fund Performance/ Benchmark Returns</b>	<b>3 mth % Growth</b>	<b>6 mth % Growth</b>	<b>1 yr % Growth</b>	<b>3 yr Ann Comp Ret</b>	<b>5 yr Ann Comp Ret</b>	<b>10 yr Ann Comp Ret</b>	<b>Since Inception 17 August 2020 Ann Comp Ret</b>
United China A-Shares Innovation Fund	22.27	N/A	N/A	N/A	N/A	N/A	20.45
Benchmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar.

Note: The performance returns of the Fund are in Singapore Dollar based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.

The benchmark of the Fund: There is no benchmark for the Sub-Fund as Manager is of the view that there is no appropriate benchmark for the Sub-Fund.

**United China A-Shares Innovation Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

**A) Fund Performance** (continued)

**Class A USD Acc**

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 23 November 2020 Ann Comp Ret
United China A-Shares Innovation Fund	N/A	N/A	N/A	N/A	N/A	N/A	12.96
Benchmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar.

Note: The performance returns of the Fund are in United States Dollar based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.

The benchmark of the Fund: There is no benchmark for the Sub-Fund as Manager is of the view that there is no appropriate benchmark for the Sub-Fund.

For the 12 months ended 31 December 2020, the net asset value of Class JPY Acc **rose 86.48%** since inception, on a net asset value basis in Japanese Yen terms.

Since inception on August 2020 and November 2020 respectively, the net asset value of Class A SGD Acc **rose 20.45%** and Class A USD Acc **rose 12.96%** on the net asset value basis in Singapore Dollar and United States Dollar terms respectively.

The Fund's strong performance was mainly due to positive selection effect. In particular, **Industrials**, **Materials**, **Information Technology** and **Consumer Staples** contributed significantly to the Fund returns. On the other hand, **Consumer Discretionary** and **Health Care** detracted.

In terms of stocks, the key contributors to performance include **Eve Energy Co Ltd**, **Asia Cuanon Technology Shanghai Co Ltd** and **Luzhou Laojiao Co Ltd**. The key performance detractors were **Tianqi Lithium Corp**, **Shanghai Kinetic Medical and Healthcare Co**.

As at end December 2020, the Fund had the following sector allocation: **Industrials** (26.03%), **Consumer Staples** (24.06%), **Information Technology** (18.58%), **Materials** (8.31%), **Consumer Discretionary** (5.55%), **Health Care** (4.85%) with the remainder in cash (12.62%).

The Fund had the following country exposures: **China** (87.38%) and the remainder in cash (12.62%).

**Economic and Market Review**

For the year ended 31 December 2020, **China** equity markets posted strong gains. The effective containment of the coronavirus was a crucial factor for economic recovery which was evident as the drop in local transmissions coincided with the strengthening of economic indicators towards the end of the year. In fact, **China** was the only major economy to record positive growth (2.3%) in 2020, largely due to the swift policy implementation to contain virus spread.

## **A) Fund Performance** (continued)

Supplementary macroeconomic indicators showed accelerating signs of recovery particular from the second quarter. Retail sales turned positive in 2020 with domestic consumption picking up momentum towards the year's end. Industrial production growth hit a 21-month high in December on the back of recovery in the **Mining** and **Manufacturing** sectors, while service production also rose quarter-on-quarter after the country opened up to inter-city travel. Fixed asset investment (FAI) registered a quarter-on-quarter growth, largely led by **Manufacturing** and **Real Estate**.

Meanwhile on the trade front, **Beijing's** clout rose further with the signing of the Regional Comprehensive Economic Partnership (RCEP) free trade agreement representing the largest trading block in the world which include 10 members of **ASEAN** as well as **Australia, Japan, South Korea** and **New Zealand**. A landmark trade deal was also signed between **China** and the European Union. The government had also during the year announced its 14th Five-Year Plan aimed at promoting domestic consumption and greater self-reliance including on the technology front amid signs of growing pressures from the **US** which saw the **US** Commerce Department blacklisting some 60 Chinese firms including the biggest Chinese chipmaker, Semiconductor Manufacturing International Corporation (SMIC). **Beijing** responded in kind by slapping sanctions on **US** defence contractors. The Five-Year Plan had also emphasised trade and investments.

## **Outlook and Fund Strategy**

We remain optimistic over fundamentals and prospects of 'A' shares.

Firstly, the pandemic has accelerated innovation-driven growth led by outstanding companies that were able to capitalise rather than succumb to marketplace disruptions. Such capabilities to adapt and thrive in changing circumstances will likely gain momentum with the rollout of vaccines against the coronavirus (COVID-19).

Secondly, the trend of domestic and international capital inflows continues. The valuation of the Chinese market remains attractive in our view due to structural and growth attributes that will stand out even more in a post-pandemic landscape.

Thirdly, the short-term domestic market correction presents a good investment opportunity for funds with a medium to longer term horizon

We continue our investment focus on the two main areas of technological innovation and consumption upgrade.

For the first half of the year, fundamentals of value-growth consumer companies will pick up as domestic consumption improve and recover from the pandemic. While there is still a short-term negative impact on technological innovation stocks due to lagging overseas demand, valuations have corrected accordingly even as external demand starts to recover.

Our positioning and stock picks are mainly in companies with good balance sheet strength and cash flows. We also closely monitor the pandemic situation, and opportunistically invest in emerging growth companies whose valuations have corrected a lot. We closely track the changes in fundamentals and valuation levels of our focus companies and will dynamically adjust the allocation between value growth and emerging growth type companies when the opportunity arises.

**United China A-Shares Innovation Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2020 under review classified by**

**i) Country**

	Fair Value (S\$)	% of NAV
China	359,285,526	87.38
Portfolio of investments	359,285,526	87.38
Other net assets/(liabilities)	51,887,177	12.62
<b>Total</b>	<b>411,172,703</b>	<b>100.00</b>

**ii) Industry**

	Fair Value (S\$)	% of NAV
Consumer Discretionary	22,813,627	5.55
Consumer Staples	98,920,581	24.06
Health Care	19,940,793	4.85
Industrials	107,035,135	26.03
Information Technology	76,403,323	18.58
Materials	34,172,067	8.31
Portfolio of investments	359,285,526	87.38
Other net assets/(liabilities)	51,887,177	12.62
<b>Total</b>	<b>411,172,703</b>	<b>100.00</b>

**iii) Asset Class**

	Fair Value (S\$)	% of NAV
Quoted equities	359,285,526	87.38
Other net assets/(liabilities)	51,887,177	12.62
<b>Total</b>	<b>411,172,703</b>	<b>100.00</b>

**iv) Credit rating of quoted bonds**

N/A

**United China A-Shares Innovation Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**C) Top Ten Holdings**

10 largest holdings as at 31 December 2020

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
EVE ENERGY CO LTD	35,908,245	8.73
LUZHOU LAOJIAO CO LTD	33,131,774	8.06
WULIANGYE YIBIN CO LTD	25,726,660	6.26
KWEICHOW MOUTAI CO LTD	22,109,514	5.38
CONTEMPORARY AMPEREX TECHNOLOGY CO LTD	20,417,590	4.97
LONGI GREEN ENERGY TECHNOLOGY CO LTD	17,007,164	4.13
SANY HEAVY INDUSTRY CO LTD	15,278,843	3.72
WUXI LEAD INTELLIGENT EQUIPMENT CO LTD	14,541,183	3.53
LUXSHARE PRECISION INDUSTRY CO LTD	13,278,784	3.23
SHANXI XINGHUACUN FEN WINE FACTORY CO LTD	12,626,747	3.07

10 largest holdings as at 31 December 2019

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
GANFENG LITHIUM CO LTD	8,609,492	4.29
ASIA CUANON TECHNOLOGY SHANGHAI CO LTD	8,114,873	4.04
WUHAN JINGCE ELECTRONIC TECHNOLOGY CO LTD	8,058,779	4.01
EVE ENERGY CO LTD	8,042,553	4.01
LUXSHARE PRECISION INDUSTRY CO LTD	7,597,299	3.78
ZHEJIANG HUAYOU COBALT CO LTD	6,584,097	3.28
WUXI LEAD INTELLIGENT EQUIPMENT CO LTD	5,313,155	2.65
TIANQI LITHIUM CORP	5,160,590	2.57
TONGWEI CO LTD	5,008,621	2.49
SHANGHAI PUTAILAI NEW ENERGY TECHNOLOGY CO LTD	4,308,795	2.14



**United China A-Shares Innovation Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**D) Exposure to derivatives**

The global exposure relating to derivative instruments is calculated using the commitment approach:

- (i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- (iii) the sum of the values of cash collateral received under certain cases.

i) Fair value of derivative contracts and as a percentage of NAV as at 31 December 2020

	<b>Contract or underlying principal amount</b>	<b>Positive fair value</b>	<b>% of NAV</b>	<b>Negative fair value</b>	<b>% of NAV</b>
	<b>\$</b>	<b>\$</b>		<b>\$</b>	
Foreign currency contracts	1,061,960	2,749	-*	-	-

\* denotes amount less than 0.01%

- ii) There was a net realised gain of SGD 541,101 on derivative contracts during the financial year ended 31 December 2020.
- iii) There was a net unrealised gain of SGD 2,749 on outstanding derivative contracts marked to market as at 31 December 2020.

**E) Amount and percentage of NAV invested in other schemes as at 31 December 2020**

N/A

**F) Amount and percentage of borrowings to NAV as at 31 December 2020**

N/A

**G) Amount of redemptions and subscriptions for the financial year ended 31 December 2020**

Total amount of redemptions	SGD	252,304,247
Total amount of subscriptions	SGD	245,265,358

**H) The amount and terms of related-party transactions for the financial year ended 31 December 2020**

Please refer to Note 10 of the Notes to the Financial Statements.

**I) Expense ratios**

Please refer to Note 11 of the Notes to the Financial Statements.

**J) Turnover ratios**

Please refer to Note 11 of the Notes to the Financial Statements.

**K) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts**

N/A

**L) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme (“the underlying scheme”)<sup>1</sup> should be disclosed as well**

- i) Top 10 holdings at fair value and as percentage of NAV as at 31 December 2020 and 31 December 2019

N/A

- ii) Expense ratios for the financial year/period ended 31 December 2020 and 31 December 2019

N/A

- iii) Turnover ratios for the financial year/period ended 31 December 2020 and 31 December 2019

N/A

<sup>1</sup> Where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.

**M) Soft dollar commissions/arrangements**

UOB Asset Management and Ping An Fund Management have entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The products and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management’s duties to clients. As such services generally benefit all of UOB Asset Management’s clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on a best execution basis and there was no churning of trades.

**N) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the pre-determined payouts**

N/A

# United China A-Shares Consumption Upgrade Fund

(Constituted under a Trust Deed in the Republic of Singapore)

## A) Fund Performance

### Class JPY Acc

Fund Performance/ Benchmark Returns	3 mth % Growth	6 mth % Growth	1 yr % Growth	3 yr Ann Comp Ret	5 yr Ann Comp Ret	10 yr Ann Comp Ret	Since Inception 3 August 2020 Ann Comp Ret
United China A-Shares Consumption Upgrade Fund	20.97	N/A	N/A	N/A	N/A	N/A	22.23
Benchmark	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: Morningstar.

Note: The performance returns of the Fund are in Japanese Yen based on a NAV-to-NAV basis with dividends and distributions reinvested, if any.

The benchmark of the Fund: There is no benchmark for the Sub-Fund as Manager is of the view that there is no appropriate benchmark for the Sub-Fund.

For the year ended 31 December 2020, the net asset value of the Fund rose **22.23%** since inception, in Japanese Yen terms.

The Fund's outperformance was due to positive stock selection from our picks in **Information Technology**, **Health Care** and **Consumer Staples**. On the other hand, our picks in **Real Estate** and **Materials** detracted.

In terms of stocks, the key contributors to performance include **Luzhou Laojiao Co Ltd**, **Longi Green Energy Technology Co Ltd** and **Wuliangye Yibin Co Ltd**. The key performance detractors were **Shaanxi Construction Machinery**, **Meinian Onehealth** and **China Merchants Property Operation & Service**.

As at end December 2020, the Fund had the following sector allocation: **Consumer Staples** (31.81%), **Health Care** (22.76%), **Consumer Discretionary** (16.36%), **Information Technology** (13.68%), **Industrials** (8.20%) and **Materials** (1.51%) with the remainder in cash (5.68%).

The Fund had the following country exposures: **China** (94.32%) and the remainder in cash (5.68%).

### Economic and Market Review

For the year ended 31 December 2020, **China** equity markets posted strong gains. The effective containment of the coronavirus was a crucial factor for economic recovery which was evident as the drop in local transmissions coincided with the strengthening of economic indicators towards the end of the year. In fact, **China** was the only major economy to record positive growth (2.3%) in 2020, largely due to the swift policy implementation to contain virus spread.

# United China A-Shares Consumption Upgrade Fund

(Constituted under a Trust Deed in the Republic of Singapore)

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## A) Fund Performance (continued)

Supplementary macroeconomic indicators showed accelerating signs of recovery particular from the second quarter. Retail sales turned positive in 2020 with domestic consumption picking up momentum towards the year's end. Industrial production growth hit a 21-month high in December on the back of recovery in the **Mining** and **Manufacturing** sectors, while service production also rose quarter-on-quarter after the country opened up to inter-city travel. Fixed asset investment (FAI) registered a quarter-on-quarter growth, largely led by **Manufacturing** and **Real Estate**.

Meanwhile on the trade front, **Beijing's** clout rose further with the signing of the Regional Comprehensive Economic Partnership (RCEP) free trade agreement representing the largest trading block in the world which include 10 members of **ASEAN** as well as **Australia, Japan, South Korea** and **New Zealand**. A landmark trade deal was also signed between **China** and the European Union. The government had also during the year announced its 14th Five-Year Plan aimed at promoting domestic consumption and greater self-reliance including on the technology front amid signs of growing pressures from the **US** which saw the **US** Commerce Department blacklisting some 60 Chinese firms including the biggest Chinese chipmaker, Semiconductor Manufacturing International Corporation (SMIC). **Beijing** responded in kind by slapping sanctions on **US** defence contractors. The Five-Year Plan had also emphasised trade and investments.

## Outlook and Fund Strategy

We remain optimistic about the fundamentals and prospects of 'A' shares.

Firstly, the pandemic has been an opportunity for better balance on the supply side in the longer term as companies with the competitive edge will see their long-term profitability improve. This has been borne out, judging by the quarterly improvement in listed companies' earnings from disclosed semi-annual reports. We expect corporate earnings to continue to improve in coming quarters.

Secondly, the trend of domestic and international capital inflows continues to be strong despite a slight slowdown in incremental capital inflows.

Thirdly, the short-term domestic market correction represents a good investment opportunity for funds with a medium to longer term horizon.

We continue to focus on the theme of consumption and select industry-leading companies that conform to the general direction of consumption upgrades from a mid- to long-term perspective. We will closely track changes in fundamentals and valuation levels and dynamically adjust the allocation ratio across the leading companies in the various sub-sectors.

**United China A-Shares Consumption Upgrade Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2020 under review classified by**

**i) Country**

	Fair Value (S\$)	% of NAV
China	275,317,420	94.32
Accrued interest receivable on quoted bonds	<u>12</u>	<u>0.00</u>
Portfolio of investments	275,317,432	94.32
Other net assets/(liabilities)	<u>16,588,622</u>	<u>5.68</u>
<b>Total</b>	<b><u>291,906,054</u></b>	<b><u>100.00</u></b>

**ii) Industry**

	Fair Value (S\$)	% of NAV
Consumer Discretionary	47,740,083	16.36
Consumer Staples	92,859,220	31.81
Health Care	66,443,640	22.76
Industrials	23,935,578	8.20
Information Technology	39,931,237	13.68
Materials	4,407,662	1.51
Accrued interest receivable on quoted bonds	<u>12</u>	<u>0.00</u>
Portfolio of investments	275,317,432	94.32
Other net assets/(liabilities)	<u>16,588,622</u>	<u>5.68</u>
<b>Total</b>	<b><u>291,906,054</u></b>	<b><u>100.00</u></b>

**iii) Asset Class**

	Fair Value (S\$)	% of NAV
Quoted bonds	96,931	0.03
Quoted equities	275,220,489	94.29
Accrued interest receivable on quoted bonds	<u>12</u>	<u>0.00</u>
Other net assets/(liabilities)	<u>16,588,622</u>	<u>5.68</u>
<b>Total</b>	<b><u>291,906,054</u></b>	<b><u>100.00</u></b>

**United China A-Shares Consumption Upgrade Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**B) Investments at fair value and as a percentage of net asset value (“NAV”) as at 31 December 2020 under review classified by** (continued)

**iv) Credit rating of quoted bonds by Moody’s**

	Fair Value (S\$)	% of NAV
Non-rated	96,931	0.03
<b>Total</b>	<b>96,931</b>	<b>0.03</b>

**C) Top Ten Holdings**

10 largest holdings as at 31 December 2020

	Fair Value (S\$)	Percentage of total net assets attributable to unitholders %
KWEICHOW MOUTAI CO LTD	23,662,865	8.11
CHANGCHUN HIGH & NEW TECHNOLOGY INDUSTRIES GROUP INC	23,357,305	8.00
LUZHOU LAOJIAO CO LTD	20,998,857	7.19
WULIANGYE YIBIN CO LTD	19,410,627	6.65
LONGI GREEN ENERGY TECHNOLOGY CO LTD	18,563,709	6.36
MIDEA GROUP CO LTD	18,237,071	6.25
CHINA TOURISM GROUP DUTY FREE CORP LTD	15,925,672	5.46
FUYAO GLASS INDUSTRY GROUP CO LTD	13,577,340	4.65
SHANGHAI M&G STATIONERY INC	13,075,866	4.48
SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO LTD	12,664,098	4.34

**D) Exposure to derivatives**

The global exposure relating to derivative instruments is calculated using the commitment approach:

- (i) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- (ii) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- (iii) the sum of the values of cash collateral received under certain cases.

**United China A-Shares Consumption Upgrade Fund**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**D) Exposure to derivatives** (continued)

- i) Fair value of derivative contracts and as a percentage of NAV as at 31 December 2020

N/A

- ii) There was a net realised loss of SGD 1,314,144 on derivative contracts during the financial period from 3 August 2020 (date of inception) to 31 December 2020.

- iii) Net gains/(losses) on outstanding derivative contracts marked to market as at 31 December 2020

N/A

**E) Amount and percentage of NAV invested in other schemes as at 31 December 2020**

N/A

**F) Amount and percentage of borrowings to NAV as at 31 December 2020**

N/A

**G) Amount of redemptions and subscriptions for the financial period from 3 August 2020 (date of inception) to 31 December 2020**

Total amount of redemptions	SGD	10,415,918
Total amount of subscriptions	SGD	267,557,449

**H) The amount and terms of related-party transactions for the financial period from 3 August 2020 (date of inception) to 31 December 2020**

Please refer to Note 10 of the Notes to the Financial Statements.

**I) Expense ratios**

Please refer to Note 11 of the Notes to the Financial Statements.

**J) Turnover ratios**

Please refer to Note 11 of the Notes to the Financial Statements.

**K) Any material information that will adversely impact the valuation of the scheme such as contingent liabilities of open contracts**

N/A



## United China A-Shares Consumption Upgrade Fund

(Constituted under a Trust Deed in the Republic of Singapore)

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**L) For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second-mentioned scheme ("the underlying scheme")<sup>1</sup> should be disclosed as well**

i) Top 10 holdings at fair value and as percentage of NAV as at 31 December 2020

N/A

ii) Expense ratios for the financial period ended 31 December 2020

N/A

iii) Turnover ratios for the financial period ended 31 December 2020

N/A

<sup>1</sup> Where the underlying scheme is managed by a foreign manager which belongs to the same group of companies as, or has a formal arrangement or investment agreement with, the Singapore manager, the above information should be disclosed on the underlying scheme. In other cases, such information on the underlying scheme should be disclosed only if it is readily available to the Singapore manager.

**M) Soft dollar commissions/arrangements**

UOB Asset Management and Ping An Fund Management have entered into soft dollars arrangements with selected brokers from whom products and services are received from third parties. The products and services relate essentially to computer hardware and software to the extent that they are used to support the investment decision making process, research and advisory services, economic and political analyses, portfolio analyses including performance measurements, market analyses, data and quotation services, all of which are believed to be helpful in the overall discharge of UOB Asset Management's duties to clients. As such services generally benefit all of UOB Asset Management's clients in terms of input into the investment decision making process, the soft credits utilised are not allocated on a specific client basis. The Manager confirms that trades were executed on a best execution basis and there was no churning of trades.

**N) Where the scheme offers pre-determined payouts, an explanation on the calculation of the actual payouts received by participants and any significant deviation from the pre-determined payouts**

N/A

## **REPORT OF THE TRUSTEE**

The Trustee is under a duty to take into custody and hold the assets of the sub-funds of United China Onshore Funds, namely United China A-Shares Innovation Fund and United China A-Shares Consumption Upgrade Fund (collectively referred to as the “Sub-Funds”) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap. 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Sub-Funds during the financial year/period covered by these financial statements, set out on pages 22 to 72, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee  
STATE STREET TRUST (SG) LIMITED

Authorised signatory  
25 March 2021

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENT BY THE MANAGER**

In the opinion of UOB Asset Management Ltd, the accompanying financial statements set out on pages 22 to 72, comprising the Statements of Total Return, Statements of Financial Position, Statements of Movements of Unitholders' Funds, Statements of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial positions and portfolio holdings of the sub-funds of United China Onshore Funds, namely United China A-Shares Innovation Fund and United China A-Shares Consumption Upgrade Fund (collectively referred to as the "Sub-Funds") as at 31 December 2020, and the financial performance and movements of unitholders' funds for the year/period then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Sub-Funds will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager  
UOB ASSET MANAGEMENT LTD

THIO BOON KIAT  
Authorised signatory  
25 March 2021

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE SUB-FUNDS OF UNITED CHINA ONSHORE FUNDS**

### ***Our Opinion***

In our opinion, the accompanying financial statements of the sub-funds of United China Onshore Funds, namely United China A-Shares Innovation Fund and United China A-Shares Consumption Upgrade Fund (collectively referred to as the "Sub-Funds"), are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants, so as to present fairly, in all material respects, the financial positions and portfolio holdings of the Sub-Funds as at 31 December 2020, and the financial performance and movements of unitholders' funds for the financial year/period ended 31 December 2020.

### ***What we have audited***

The financial statements of the Sub-Funds comprise:

- the Statements of Total Return for the financial year/period ended 31 December 2020;
- the Statements of Financial Position as at 31 December 2020;
- the Statements of Movements of Unitholders' Funds for the financial year/period ended 31 December 2020;
- the Statements of Portfolio as at 31 December 2020; and
- the Notes to the Financial Statements, including a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Independence***

We are independent of the Sub-Funds in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE SUB-FUNDS OF UNITED CHINA ONSHORE FUNDS**

### ***Other Information***

The Sub-Funds' Manager (the "Manager") is responsible for the other information. The other information comprises all sections of the annual report but does not include 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.

### ***Responsibilities of the Manager for the Financial Statements***

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" issued by the Institute of Singapore Chartered Accountants and for such internal control as the Manager determines 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 is responsible for assessing the Sub-Funds' 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 either intends to terminate the Sub-Funds or to cease the Sub-Funds' operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Sub-Funds' financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE SUB-FUNDS OF UNITED CHINA ONSHORE FUNDS**

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager'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-Funds' 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-Funds 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF THE SUB-FUNDS OF UNITED CHINA ONSHORE FUNDS**

We communicate with the Manager 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.

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants  
Singapore, 25 March 2021

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

**STATEMENTS OF TOTAL RETURN**

For the financial year/period ended 31 December 2020

		<b>United China A-Shares Innovation Fund</b>	<b>United China A-Shares Consumption Upgrade Fund</b>
		For the financial period from 1 August 2019 (date of inception) to 31 December 2019	For the financial period from 3 August 2020 (date of inception) to 31 December 2020
	<b>Note</b>	<b>2020</b>	
		<b>\$</b>	<b>\$</b>
<b>Income</b>			
Dividends		2,254,608	38,553
Interest		<u>76,620</u>	<u>13,772</u>
<b>Total</b>		<u>2,331,228</u>	<u>157,444</u>
<b>Less: Expenses</b>			
Management fee	10	1,982,738	243,127
Trustee fee	10	111,133	14,109
Audit fee		15,489	15,000
Registrar fee	10	24,949	12,551
Valuation fee	10	635,363	81,042
Custody fee	10	288,770	39,236
Preliminary expenses		-	33,984
Transaction costs		1,003,264	334,240
Other expenses		<u>91,210</u>	<u>16,218</u>
<b>Total</b>		<u>4,152,916</u>	<u>789,507</u>
<b>Net income/(losses)</b>		<u>(1,821,688)</u>	<u>(737,182)</u>
<b>Net gains/(losses) on value of investments and financial derivatives</b>			
Net gains/(losses) on investments		218,794,125	20,055,908
Net gains/(losses) on financial derivatives		543,850	1,208,534
Net foreign exchange gains/(losses)		<u>119,802</u>	<u>423,927</u>
		<u>219,457,777</u>	<u>21,688,369</u>
			<u>44,314,796</u>

The accompanying notes form an integral part of these financial statements.



**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF TOTAL RETURN**

For the financial year/period ended 31 December 2020

		<b>United China A-Shares Innovation Fund</b>	<b>United China A-Shares Consumption Upgrade Fund</b>
		For the financial period from 1 August 2019 (date of inception) to 31 December 2019	For the financial period from 3 August 2020 (date of inception) to 31 December 2020
	<b>Note</b>	<b>2020 \$</b>	<b>\$</b>
<b>Total return/(deficit) for the financial year/period before income tax</b>		<b>217,636,089</b>	20,951,187
Less: Income tax	3	<u><b>(233,401)</b></u>	<u>(5,289)</u>
<b>Total return/(deficit) for the financial year/period</b>		<u><b>217,402,688</b></u>	<u>20,945,898</u>
			<u><b>34,764,523</b></u>

*The accompanying notes form an integral part of these financial statements.*

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2020

		<b>United China A-Shares Innovation Fund</b>		<b>United China A-Shares Consumption Upgrade Fund</b>
	<b>Note</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>				
Portfolio of investments		<b>359,285,526</b>	151,035,627	<b>275,317,432</b>
Receivables	5	<b>6,902,824</b>	34,362,514	<b>5,989,420</b>
Cash and bank balances		<b>47,528,360</b>	15,700,247	<b>22,415,188</b>
Margin accounts		<b>46,339</b>	33,768	<b>62,039</b>
Financial derivatives at fair value	7	<b>2,749</b>	-	<b>-</b>
<b>Total assets</b>		<b><u>413,765,798</u></b>	<u>201,132,156</u>	<b><u>303,784,079</u></b>
<b>Liabilities</b>				
Purchases awaiting settlement		-	-	<b>2,843,492</b>
Deferred income tax liabilities	4	-	-	<b>8,483,000</b>
Payables	6	<b>2,593,095</b>	323,252	<b>551,533</b>
<b>Total liabilities</b>		<b><u>2,593,095</u></b>	<u>323,252</u>	<b><u>11,878,025</u></b>
<b>Equity</b>				
<b>Net assets attributable to unitholders</b>	8	<b><u>411,172,703</u></b>	<u>200,808,904</u>	<b><u>291,906,054</u></b>

*The accompanying notes form an integral part of these financial statements.*

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF MOVEMENTS OF UNITHOLDERS' FUNDS**

For the financial year/period ended 31 December 2020

		<b>United China A-Shares Innovation Fund</b>	<b>United China A-Shares Consumption Upgrade Fund</b>
		For the financial period from 1 August 2019 (date of inception) to 31 December 2019	For the financial period from 3 August 2020 (date of inception) to 31 December 2020
	Note	2020 \$	\$
<b>Net assets attributable to unitholders at the beginning of the financial year/period</b>		<b>200,808,904</b>	-
<b>Operations</b>			
Change in net assets attributable to unitholders resulting from operations		<b>217,402,688</b>	<b>20,945,898</b>
<b>Unitholders' contributions/(withdrawals)</b>			
Creation of units		<b>245,265,358</b>	<b>198,177,965</b>
Cancellation of units		<b>(252,304,247)</b>	<b>(18,314,959)</b>
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		<b>(7,038,889)</b>	<b>179,863,006</b>
Total increase/(decrease) in net assets attributable to unitholders		<b>210,363,799</b>	<b>200,808,904</b>
<b>Net assets attributable to unitholders at the end of the financial year/period</b>	8	<b>411,172,703</b>	<b>291,906,054</b>

The accompanying notes form an integral part of these financial statements.

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF PORTFOLIO**

As at 31 December 2020

<b>United China A-Shares Innovation Fund</b>			
	<b>Holdings at 31 December 2020</b>	<b>Fair value at 31 December 2020 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2020 %</b>
<b>By Industry - Primary</b>			
<b>Quoted equities</b>			
<b>CONSUMER DISCRETIONARY</b>			
BETHEL AUTOMOTIVE SAFETY SYSTEMS CO LTD	833,085	5,761,311	1.40
BYD CO LTD	85,700	3,365,159	0.82
CHANGZHOU XINGYU AUTOMOTIVE LIGHTING SYSTEMS CO LTD	44,100	1,786,919	0.44
GREAT WALL MOTOR CO LTD	1,194,736	9,129,156	2.22
ZHEJIANG SUPOR CO LTD	175,816	<u>2,771,082</u>	<u>0.67</u>
<b>TOTAL CONSUMER DISCRETIONARY</b>		<b><u>22,813,627</u></b>	<b><u>5.55</u></b>
<b>CONSUMER STAPLES</b>			
GUANGDONG HAID GROUP CO LTD	402,345	5,325,886	1.29
KWEICHOW MOUTAI CO LTD	54,756	22,109,514	5.38
LUZHOU LAOJIAO CO LTD	724,898	33,131,774	8.06
SHANXI XINGHUACUN FEN WINE FACTORY CO LTD	166,484	12,626,747	3.07
WULIANGYE YIBIN CO LTD	436,186	<u>25,726,660</u>	<u>6.26</u>
<b>TOTAL CONSUMER STAPLES</b>		<b><u>98,920,581</u></b>	<b><u>24.06</u></b>
<b>HEALTH CARE</b>			
AIER EYE HOSPITAL GROUP CO LTD	443,400	6,710,757	1.63
TOPCHOICE MEDICAL CORP	152,200	8,505,370	2.07
WUXI APPTTEC CO LTD	173,535	<u>4,724,666</u>	<u>1.15</u>
<b>TOTAL HEALTH CARE</b>		<b><u>19,940,793</u></b>	<b><u>4.85</u></b>

The accompanying notes form an integral part of these financial statements.

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF PORTFOLIO**

As at 31 December 2020

<b>United China A-Shares Innovation Fund</b>			
	<b>Holdings at 31 December 2020</b>	<b>Fair value at 31 December 2020 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2020 %</b>
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>INDUSTRIALS</b>			
CENTRE TESTING INTERNATIONAL GROUP CO LTD	1,563,900	8,650,392	2.10
CONTEMPORARY AMPEREX TECHNOLOGY CO LTD	287,746	20,417,590	4.97
EVE ENERGY CO LTD	2,180,141	35,908,245	8.73
SANY HEAVY INDUSTRY CO LTD	2,161,318	15,278,843	3.72
SHANGHAI INTERNATIONAL AIRPORT	508,065	7,768,508	1.89
SHANGHAI M&G STATIONERY INC	96,200	1,721,729	0.42
SHENZHEN INOVANCE TECHNOLOGY CO LTD	599,500	11,303,757	2.75
SUZHOU MAXWELL TECHNOLOGIES CO LTD	26,900	3,680,437	0.89
ZHEJIANG SANHUA INTELLIGENT CO	462,830	<u>2,305,634</u>	<u>0.56</u>
<b>TOTAL INDUSTRIALS</b>		<u><b>107,035,135</b></u>	<u><b>26.03</b></u>
<b>INFORMATION TECHNOLOGY</b>			
CHINA LEADSHINE TECHNOLOGY CO LTD	91,600	820,811	0.20
GLODON CO LTD	407,400	6,482,887	1.58
GUANGDONG FENGHUA ADVANCED TECHNOLOGY HOLDING CO LTD	591,600	4,029,119	0.98
JA SOLAR TECHNOLOGY CO LTD	722,900	5,948,918	1.45
LONGI GREEN ENERGY TECHNOLOGY CO LTD	912,744	17,007,164	4.13
LUXSHARE PRECISION INDUSTRY CO LTD	1,170,816	13,278,784	3.23
SHENZHEN SC NEW ENERGY TECHNOLOGY CORP	251,200	7,391,507	1.80
WUXI LEAD INTELLIGENT EQUIPMENT CO LTD	856,683	14,541,183	3.53

*The accompanying notes form an integral part of these financial statements.*

# United China Onshore Funds

(Constituted under a Trust Deed in the Republic of Singapore)

## STATEMENTS OF PORTFOLIO

As at 31 December 2020

	United China A-Shares Innovation Fund		
	Holdings at 31 December 2020	Fair value at 31 December 2020 \$	Percentage of total net assets attributable to unitholders at 31 December 2020 %
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>INFORMATION TECHNOLOGY (continued)</b>			
WUXI XINJE ELECTRIC CO LTD	174,500	3,203,499	0.78
XIAMEN FARATRONIC CO LTD	170,206	<u>3,699,451</u>	<u>0.90</u>
<b>TOTAL INFORMATION TECHNOLOGY</b>		<u><b>76,403,323</b></u>	<u><b>18.58</b></u>
<b>MATERIALS</b>			
ASIA CUANON TECHNOLOGY SHANGHAI CO LTD	1,300,861	11,228,260	2.73
BEIJING ORIENTAL YUHONG WATERPROOF TECHNOLOGY CO LTD	1,505,491	11,804,888	2.87
GUANGZHOU TINCI MATERIALS TECHNOLOGY CO LTD	405,200	8,499,997	2.07
YUNNAN ENERGY NEW MATERIAL CO LTD	92,100	<u>2,638,922</u>	<u>0.64</u>
<b>TOTAL MATERIALS</b>		<u><b>34,172,067</b></u>	<u><b>8.31</b></u>
<b>Total Equities</b>		<u><b>359,285,526</b></u>	<u><b>87.38</b></u>
<b>Portfolio of investments</b>		<b>359,285,526</b>	<b>87.38</b>
<b>Other net assets/(liabilities)</b>		<u><b>51,887,177</b></u>	<u><b>12.62</b></u>
<b>Net assets attributable to unitholders</b>		<u><b>411,172,703</b></u>	<u><b>100.00</b></u>

The accompanying notes form an integral part of these financial statements.

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF PORTFOLIO**

As at 31 December 2020

	<b>United China A-Shares Innovation Fund</b>	
	<b>Percentage of total net assets attributable to unitholders at 31 December 2020 %</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2019 %</b>
<b>By Industry - Primary (Summary)</b>		
<b>Quoted equities</b>		
Communication Services	<b>5.55</b>	0.65
Consumer Discretionary	-	2.60
Consumer Staples	<b>24.06</b>	11.80
Financials	-	4.21
Health Care	<b>4.85</b>	2.93
Industrials	<b>26.03</b>	13.19
Information Technology	<b>18.58</b>	14.02
Materials	<b>8.31</b>	19.13
Real Estate	-	6.68
<b>Portfolio of investments</b>	<b>87.38</b>	75.21
<b>Other net assets/(liabilities)</b>	<b>12.62</b>	24.79
<b>Net assets attributable to unitholders</b>	<b>100.00</b>	100.00

**By Geography - Secondary**

**Quoted equities**

The Fund invests wholly in Chinese equities.

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF PORTFOLIO**

As at 31 December 2020

<b>United China A-Shares Consumption Upgrade Fund</b>			
	<b>Holdings at 31 December 2020</b>	<b>Fair value at 31 December 2020 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2020 %</b>
<b>By Industry - Primary</b>			
<b>Quoted bonds</b>			
<b>INFORMATION TECHNOLOGY</b>			
LUXSHARE PRECISION CO UNSECURED 11/26 VAR*	377,100	<u>96,931</u>	<u>0.03</u>
<b>Accrued interest receivable on quoted bonds</b>		<u>12</u>	<u>0.00</u>
<b>Total Bonds</b>		<u><b>96,943</b></u>	<u><b>0.03</b></u>
<b>Quoted equities</b>			
<b>CONSUMER DISCRETIONARY</b>			
CHINA TOURISM GROUP DUTY FREE CORP LTD	279,000	15,925,672	5.46
FUYAO GLASS INDUSTRY GROUP CO LTD	1,398,200	13,577,340	4.65
MIDEA GROUP CO LTD	916,709	<u>18,237,071</u>	<u>6.25</u>
<b>TOTAL CONSUMER DISCRETIONARY</b>		<u><b>47,740,083</b></u>	<u><b>16.36</b></u>
<b>CONSUMER STAPLES</b>			
ANHUI GUJING DISTILLERY CO LTD	221,545	12,178,193	4.17
BEIJING SHUNXIN AGRICULTURE CO LTD	190,800	2,797,099	0.96
CHACHA FOOD CO LTD	528,741	5,754,144	1.97
GUANGDONG HAID GROUP CO LTD	453,857	6,007,757	2.06
JUEWEI FOOD CO LTD	130,800	2,049,678	0.70
KWEICHOW MOUTAI CO LTD	58,603	23,662,865	8.11
LUZHOU LAOJIAO CO LTD	459,439	20,998,857	7.19

*The accompanying notes form an integral part of these financial statements.*



**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF PORTFOLIO**

As at 31 December 2020

	<b>United China A-Shares Consumption Upgrade Fund</b>		
	<b>Holdings at 31 December 2020</b>	<b>Fair value at 31 December 2020 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2020 %</b>
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>CONSUMER STAPLES (continued)</b>			
WULIANGYE YIBIN CO LTD	329,100	<u>19,410,627</u>	<u>6.65</u>
<b>TOTAL CONSUMER STAPLES</b>		<u><b>92,859,220</b></u>	<u><b>31.81</b></u>
<b>HEALTH CARE</b>			
ASYMCHEM LABORATORIES TIANJIN CO LTD	153,190	9,260,979	3.17
CHANGCHUN HIGH & NEW TECHNOLOGY INDUSTRIES GROUP INC	257,461	23,357,305	8.00
GUANGZHOU KINGMED DIAGNOSTICS GROUP CO LTD	354,546	9,179,975	3.15
SHENZHEN MINDRAY BIO-MEDICAL ELECTRONICS CO LTD	147,100	12,664,098	4.34
TOPCHOICE MEDICAL CORP	214,400	<u>11,981,283</u>	<u>4.10</u>
<b>TOTAL HEALTH CARE</b>		<u><b>66,443,640</b></u>	<u><b>22.76</b></u>
<b>INDUSTRIALS</b>			
HEFEI MEIYA OPTOELECTRONIC TECHNOLOGY INC	287,131	2,569,447	0.88
SHANGHAI M&G STATIONERY INC	730,602	13,075,866	4.48
ZHEJIANG SANHUA INTELLIGENT CO	1,664,177	<u>8,290,265</u>	<u>2.84</u>
<b>TOTAL INDUSTRIALS</b>		<u><b>23,935,578</b></u>	<u><b>8.20</b></u>

*The accompanying notes form an integral part of these financial statements.*

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

---

**STATEMENTS OF PORTFOLIO**

As at 31 December 2020

	<b>United China A-Shares Consumption Upgrade Fund</b>		
	<b>Holdings at 31 December 2020</b>	<b>Fair value at 31 December 2020 \$</b>	<b>Percentage of total net assets attributable to unitholders at 31 December 2020 %</b>
<b>By Industry - Primary (continued)</b>			
<b>Quoted equities</b>			
<b>INFORMATION TECHNOLOGY</b>			
GUANGDONG FENGHUA ADVANCED TECHNOLOGY HOLDING CO LTD	704,654	4,799,078	1.64
HUNDSUN TECHNOLOGIES INC	306,400	6,495,555	2.23
LONGI GREEN ENERGY TECHNOLOGY CO LTD	996,281	18,563,709	6.36
LUXSHARE PRECISION INDUSTRY CO LTD	879,600	<u>9,975,964</u>	<u>3.42</u>
<b>TOTAL INFORMATION TECHNOLOGY</b>		<u><b>39,834,306</b></u>	<u><b>13.65</b></u>
<b>MATERIALS</b>			
SHANDONG BOHUI PAPER INDUSTRIAL CO LTD	1,451,100	<u>4,407,662</u>	<u>1.51</u>
<b>Total Equities</b>		<u><b>275,220,489</b></u>	<u><b>94.29</b></u>
<b>Portfolio of investments</b>		<u><b>275,317,432</b></u>	<u><b>94.32</b></u>
<b>Other net assets/(liabilities)</b>		<u><b>16,588,622</b></u>	<u><b>5.68</b></u>
<b>Net assets attributable to unitholders</b>		<u><b>291,906,054</b></u>	<u><b>100.00</b></u>

\* The held bonds are convertible bonds which allow direct investment into equities.

The accompanying notes form an integral part of these financial statements.

**United China Onshore Funds**  
(Constituted under a Trust Deed in the Republic of Singapore)

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**STATEMENTS OF PORTFOLIO**

As at 31 December 2020

	<b>United China A-Shares Consumption Upgrade Fund Percentage of total net assets attributable to unitholders at 31 December 2020 %</b>
<b>By Industry - Primary (Summary)</b>	
<b>Quoted bonds and equities</b>	
Consumer Discretionary	16.36
Consumer Staples	31.81
Health Care	22.76
Industrials	8.20
Information Technology	13.68
Materials	1.51
Accrued interest receivable on quoted bonds	0.00
<b>Portfolio of investments</b>	<b>94.32</b>
<b>Other net assets/(liabilities)</b>	<b>5.68</b>
<b>Net assets attributable to unitholders</b>	<b>100.00</b>

**By Geography - Secondary**  
**Quoted bonds and equities**

The Fund invests wholly in Chinese bonds and equities.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### **1 General**

United China Onshore Funds (the “Fund”) is a Singapore-registered umbrella fund constituted under a Trust Deed between UOB Asset Management Ltd (the “Manager”) and State Street Trust (SG) Limited (the “Trustee”). The Trust Deed is governed by the laws of the Republic of Singapore.

The Fund comprises two sub-funds, namely United China A-Shares Innovation Fund and United China A-Shares Consumption Upgrade Fund (collectively referred to as the “Sub-Funds” or individually referred to as the “Sub-Fund”).

The Sub-Funds’ investment objectives are stated below:

#### **United China A-Shares Innovation Fund**

The investment objective of the Sub-Fund is to achieve long-term capital appreciation by investing primarily in A-Shares of companies listed in the PRC which are beneficiaries of technology, innovation and trends.

The following classes of units have been established within the Sub-Fund:

- Class A SGD Acc
- Class A SGD Acc (Hedged)
- Class A USD Acc
- Class A USD Acc (Hedged)
- Class JPY Acc
- Class Z SGD Acc
- Class Z USD Acc
- Class Z RMB Acc

“Acc” refers to Accumulation classes which do not declare or pay distributions but accumulate investment gains and income in their net assets values.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 31 December 2020

### 1 General (continued)

Hedged classes allow the Manager to adopt currency hedging strategies and use currency hedging transactions to reduce the effect of exchange rate fluctuations between the currency in which the relevant Hedged classes is denominated against the currency in which the underlying investments are denominated. The costs and expenses associated with the hedging transactions and any benefits of the hedging transactions will accrue to the hedged classes only.

Class A and Class JPY units are subject to management fee of 1.75% and 0.60% per annum respectively. The minimum initial subscription amount of Class A, Class JPY and Class Z units is (USD 1,000 / SGD 1,000), (JPY 100,000) and (USD 1,000,000 / SGD 1,000,000 / RMB 5,000,000) respectively, the minimum subsequent subscription amount of Class A, Class JPY and Class Z units is (USD 500 / SGD 500), (JPY 100,000) and (USD 500,000 / SGD 500,000 / RMB 2,500,000) respectively.

Subscriptions and redemptions of the units are denominated in the Singapore Dollar, the United States Dollar, the Japanese Yen and Chinese Yuan.

As at 31 December 2020, the Sub-Fund has issued Class A SGD Acc, Class A USD Acc and Class JPY Acc units.

### United China A-Shares Consumption Upgrade Fund

The investment objective of the Sub-Fund is to achieve long-term capital appreciation by investing primarily in A-Shares of companies listed in the PRC which benefit from the consumption upgrade arising from rising wealth and income and changing demographics in the PRC.

The following classes of units have been established within the Sub-Fund:

- Class A SGD Acc
- Class A SGD Acc (Hedged)
- Class A USD Acc
- Class A USD Acc (Hedged)
- Class JPY Acc

“Acc” refers to Accumulation classes which do not declare or pay distributions but accumulate investment gains and income in their net assets values.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **1 General (continued)**

Hedged classes allow the Manager to adopt currency hedging strategies and use currency hedging transactions to reduce the effect of exchange rate fluctuations between the currency in which the relevant Hedged classes is denominated against the currency in which the underlying investments are denominated. The costs and expenses associated with the hedging transactions and any benefits of the hedging transactions will accrue to the hedged classes only.

Class A and Class JPY units are subject to management fee of 1.75% and 0.60% per annum respectively. The minimum initial subscription amount of Class A and Class JPY units is (USD 1,000 / SGD 1,000) and (JPY 100,000) respectively, the minimum subsequent subscription amount of Class A and Class JPY units is (USD 500 / SGD 500) and (JPY 100,000) respectively.

Subscriptions and redemptions of the units are denominated in the Singapore Dollar, the United States Dollar and the Japanese Yen.

As at 31 December 2020, the Sub-Fund has only issued Class JPY Acc units.

### **2 Significant accounting policies**

#### **(a) Basis of preparation**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss, and in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") revised issued by the Institute of Singapore Chartered Accountants.

On 1 January 2020, United China A-Shares Innovation Fund early adopted the revised RAP 7. The adoption of the revised RAP 7 did not result in substantial changes to the accounting policies of the Sub-Fund and had no material effect on the amounts reported for the current or prior years.

#### **(b) Recognition of income**

Dividend income is recognised when the right to receive payment is established. Interest income is recognised on a time proportion basis using the effective interest method.

#### **(c) Investments**

Investments are classified as financial assets at fair value through profit or loss.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **2 Significant accounting policies (continued)**

#### **(c) Investments (continued)**

##### *(i) Initial recognition*

Purchases of investments are recognised on the trade date. Investments are recorded at fair value on initial recognition.

##### *(ii) Subsequent measurement*

Investments are subsequently carried at fair value. Net changes in fair value on investments are included in the Statements of Total Return in the period in which they arise.

##### *(iii) Derecognition*

Investments are derecognised on the trade date of disposal. The resultant realised gains and losses on the sale of investments are computed on the basis of the difference between the weighted average cost and selling price gross of transaction costs, and are taken up in the Statements of Total Return.

#### **(d) Basis of valuation of investments**

The fair value of financial assets and liabilities traded in active markets is based on last quoted market prices at the close of trading on the financial year/period end date for equities and market mid prices for the quoted debt securities on the financial year/period end date. In circumstances where the last traded price is not within the bid-ask spread, the Manager will determine the point within the bid-ask spread that is most representative of fair value. Accrued interest or discount or premium on debt securities at financial year/period end date is included in the fair value of debt securities. Interest income on debt securities is presented within "Net gains/losses on investments" on the Statements of Total Return.

#### **(e) Foreign currency translation**

##### *(i) Functional and presentation currency*

The performance of the Sub-Funds is measured and reported to the investors in the Singapore Dollar. The Manager considers the Singapore Dollar as the currency of the primary economic environment in which the Sub-Funds operate. The financial statements are presented in the Singapore Dollar, which is the Sub-Funds' functional and presentation currency.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **2 Significant accounting policies (continued)**

#### **(e) Foreign currency translation (continued)**

##### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statements of Total Return. Translation differences on non-monetary financial assets and liabilities are also recognised in the Statements of Total Return within “Net gains/losses on investments”.

#### **(f) Receivables**

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables are initially recognised at their fair value and subsequently carried at amortised cost using the effective interest method, less accumulated impairment losses.

#### **(g) Sales and purchases awaiting settlement**

Sales and purchases awaiting settlement represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the Statements of Financial Position date respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

#### **(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

#### **(i) Payables**

Payables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.



## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **2 Significant accounting policies (continued)**

#### **(j) Financial derivatives**

Financial derivatives including forwards and swaps may be entered into for the purposes of efficient portfolio management, tactical asset allocation or specific hedging of financial assets held as determined by the Manager and in accordance with the provision of the Trust Deed and the Code on Collective Investment Schemes.

Financial derivatives outstanding on the financial year/period end date are valued at the forward rate or at the current market prices using the “mark-to-market” method, as applicable, and the resultant gains and losses are taken up in the Statements of Total Return.

#### **(k) Distributions**

The Manager has the absolute discretion to determine whether a distribution is to be made. In such an event, an appropriate amount will be transferred to a distribution account, to be paid out on the distribution date. The amount shall not be treated as part of the property of the Sub-Funds. Distributions are accrued for at the financial year/period end date if the necessary approvals have been obtained and a legal or constructive obligation has been created.

#### **(l) Preliminary expenses**

Preliminary expenses are expensed off in the Statements of Total Return as and when incurred.

#### **(m) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Sub-Funds or the counterparty.

Cash collateral provided by the Sub-Funds is identified in the Statements of Financial Position as margin cash and is not included as a component of cash and cash equivalents.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **2 Significant accounting policies (continued)**

#### **(n) Income taxes**

Current income tax for current year/period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The Manager periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability that affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax is measured at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

**United China Onshore Funds**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**3 Income tax**

	<b>United China A-Shares Innovation Fund</b>	<b>United China A-Shares Consumption Upgrade Fund</b>
	For the financial period from 1 August 2019 (date of inception) to 31 December 2019	For the financial period from 3 August 2020 (date of inception) to 31 December 2020
	<b>2020</b>	
	\$	\$
Tax expense attributable to profit is made up of:		
- Current income tax	-	-
- Deferred income tax (Note 4)	-	-
Singapore income tax	-	8,483,000
Overseas income tax	233,401	5,289
Total income tax expense	233,401	5,289
	8,498,825	

The overseas income tax represents tax withheld on foreign sourced income.

The Singapore income tax is levied at a flat rate of 17% on chargeable income.

**United China A-Shares Innovation Fund**

The Trustee of the Sub-Fund has assessed and is satisfied that the Sub-Fund has met the requisite conditions under the Designated Unit Trust ("DUT") Scheme for the financial periods from 1 August 2019 (date of inception) to 31 December 2019 and 1 January 2020 to 1 June 2020. The Trustee of the Sub-Fund will ensure that the Sub-Fund fulfills its reporting obligations under the DUT Scheme for the periods from 1 August 2019 (date of inception) to 31 December 2019 and 1 January 2020 to 1 June 2020.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **3 Income tax (continued)**

Under the DUT Scheme, subject to certain conditions and reporting obligations being met, certain income of the DUT Fund is not taxable in accordance with Sections 35(12) and 35(12A) of the Income Tax Act. Such income includes:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under Section 45 of the Income Tax Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions, transactions in futures contracts, transactions in interest rate or currency forwards, swaps or option contracts and transactions in forwards, swaps or option contracts relating to any securities or financial index;
- (v) discount, prepayment fee, redemption premium and break cost from qualifying debt securities issued during the prescribed period; and
- (vi) distributions from foreign unit trusts derived from outside Singapore and received in Singapore.

The Sub-Fund has been approved by the Monetary Authority of Singapore under the Enhanced-Tier Fund ("ETF") Scheme (section 13X of the Income Tax Act and the relevant regulations) since 2 June 2020. Subject to certain conditions being met on an annual basis, the Sub-Fund may enjoy Singapore corporate income tax exemption on "specified income" derived from "designated investments" for the life of the Sub-Fund. The tax exemption does not apply in the period when the relevant conditions are not met. Losses from "designated investments" are correspondingly disregarded. The terms "specified income" and "designated investments" are defined in the relevant income tax regulations.

The Trustee of the Sub-Fund has assessed and is satisfied that the Sub-Fund has met the requisite conditions under the ETF Scheme for the period from 2 June 2020 to 31 December 2020. The Trustee of the Sub-Fund will also ensure that the Sub-Fund fulfills its reporting obligations under the ETF Scheme for the period from 2 June 2020 to 31 December 2020.

### **United China A-Shares Consumption Upgrade Fund**

The Sub-Fund is not under DUT Scheme nor does it have ETF Scheme.

**United China Onshore Funds**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**3 Income tax** (continued)

(a) Income tax expense

The tax on profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	For the financial period from 3 August 2020 (date of inception) to 31 December 2020 \$
Profit before tax	<u>43,263,348</u>
Tax calculated at tax rate of 17%	7,354,769
Effects of:	
- expenses not deductible for tax purposes	4,893
- unutilised tax losses not recognised as deferred tax assets	1,123,099
- under/(over) provision of tax	<u>239</u>
Tax charge	<u>8,483,000</u>

(b) Movements in current income tax liabilities

	2020 \$
Beginning of financial period	-
Overseas income tax	15,825
Singapore income tax expense	-
Overseas income tax paid	<u>(15,825)</u>
End of financial period	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**4 Deferred income tax**

**United China A-Shares Innovation Fund**

The Sub-Fund does not have deferred income tax liabilities provision nor does it have income tax liabilities.

**United China A-Shares Consumption Upgrade Fund**

	<b>For the financial period from 3 August 2020 (date of inception) to 31 December 2020 \$</b>
Beginning of financial period	-
Tax charged to:	
- Profit or loss	<u><b>8,483,000</b></u>
End of financial period	<u><b>8,483,000</b></u>

The Manager is in the midst of applying for tax exemption for the Sub-Fund and thus the income tax liabilities provision is uncertain. In the event that the Sub-Fund is able to obtain the approval from the Inland Revenue Authority of Singapore ("IRAS") for the tax exemption, the deferred income tax liabilities provision will be revised.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances) during the financial year/period is as follows:

*Deferred income tax liabilities*

	<b>Unrealised gains 2020 \$</b>
Beginning of financial period	-
Tax charged to:	
- Profit or loss	<u><b>8,483,000</b></u>
End of financial period	<u><b>8,483,000</b></u>

**United China Onshore Funds**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**5 Receivables**

	<b>United China A-Shares Innovation Fund</b>		<b>United China A-Shares Consumption Upgrade Fund</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Amounts receivable for creation of units	<b>6,750,764</b>	34,354,006	<b>5,980,303</b>
Other receivables	<b>152,060</b>	8,508	<b>9,117</b>
	<b><u>6,902,824</u></b>	<u>34,362,514</u>	<b><u>5,989,420</u></b>

**6 Payables**

	<b>United China A-Shares Innovation Fund</b>		<b>United China A-Shares Consumption Upgrade Fund</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Amounts payable for cancellation of units	<b>1,646,904</b>	-	-
Amount due to the Manager	<b>775,948</b>	254,213	<b>452,488</b>
Amount due to Trustee	<b>30,014</b>	11,122	<b>19,771</b>
Tax payables	<b>18,296</b>	5,380	<b>5,356</b>
Other creditors and accrued expenses	<b>121,933</b>	52,537	<b>73,918</b>
	<b><u>2,593,095</u></b>	<u>323,252</u>	<b><u>551,533</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 31 December 2020

### 7 Fair value of financial derivatives

Financial derivatives contracts comprise of foreign currency contracts for the sale and purchase of foreign currencies. The contract or underlying principal amounts of these financial derivatives and their corresponding gross positive or negative fair values at the financial year/period end date are analysed below.

	<b>United China A-Shares Innovation Fund 2020</b>		
	<b>Contract or underlying principal amount</b>	<b>Positive fair value</b>	<b>Negative fair value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Foreign currency contracts	<b>1,061,960</b>	<b>2,749</b>	<b>-</b>

There were no outstanding financial derivatives as at 31 December 2019 for United China A-Shares Innovation Fund.

There were no outstanding financial derivatives as at 31 December 2020 for United China A-Shares Consumption Upgrade Fund.



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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**8 Units in issue**

During the financial year/period ended 31 December 2020 and 2019, the numbers of units issued, redeemed and outstanding were as follows:

	<b>United China A-Shares Innovation Fund</b>		
	<b>Class JPY Acc**</b>		<b>Class A SGD Acc*</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>
Units at the beginning of the financial year/period	<b>1,315,675</b>	-	-
Units created	<b>976,109</b>	1,441,261	<b>4,373,352</b>
Units cancelled	<b>(1,163,888)</b>	(125,586)	<b>(77,287)</b>
Units at the end of the financial year/period	<b><u>1,127,896</u></b>	<b><u>1,315,675</u></b>	<b><u>4,296,065</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders (SGD equivalent)	<b>332,169,396</b>	200,808,904	<b>5,239,745</b>
Net assets value per unit (SGD equivalent)	<b>294.503</b>	152.628	<b>1.219</b>
Net assets attributable to unitholders (Class Currency)	<b>25,948,496,005</b>	16,229,433,278	<b>5,239,745</b>
Net assets value per unit (Class Currency)	<b>23,006.106</b>	12,335.442	<b>1.219</b>

**United China Onshore Funds**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**8 Units in issue** (continued)

	<b>United China A-Shares Innovation Fund Class A USD Acc* 2020</b>
Units at the beginning of the financial year/period	-
Units created	<b>53,013,445</b>
Units cancelled	<b>(4,152,554)</b>
Units at the end of the financial year/period	<u><b>48,860,891</b></u>
	<b>\$</b>
Net assets attributable to unitholders (SGD equivalent)	<b>73,763,562</b>
Net assets value per unit (SGD equivalent)	<b>1.509</b>
Net assets attributable to unitholders (Class Currency)	<b>55,811,722</b>
Net assets value per unit (Class Currency)	<b>1.142</b>

\* Current year disclosure for Class A SGD Acc is covering the period from 17 August 2020 (date of inception) to 31 December 2020 and for Class A USD Acc is covering the period from 23 November 2020 (date of inception) to 31 December 2020.

\*\* Prior year disclosure for Class JPY Acc is covering the period from 1 August 2019 (date of inception) to 31 December 2019.

As at reporting date, there is 1 unitholder (2019: 1 unitholder) holding more than 50% of the units in issue of the Sub-Fund.

**United China Onshore Funds**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**8 Units in issue** (continued)

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the financial year/period end date is prepared below:

	<b>United China A-Shares Innovation Fund</b>		
	<b>Class JPY Acc**</b>	<b>Class A SGD</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net assets attributable to unitholders per financial statements per unit	<b>294.503</b>	152.628	<b>1.219</b>
Effect of preliminary expenses	<b>0.010</b>	0.021	-
Net assets attributable to unitholders for issuing/redeeming per unit	<b>294.513</b>	152.649	<b>1.219</b>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<b>23,006.872</b>	12,337.147	<b>1.219</b>

  

	<b>United China A-Shares Innovation Fund</b>	
	<b>Class A USD Acc*</b>	
	<b>2020</b>	
	<b>\$</b>	
Net assets attributable to unitholders per financial statements per unit		<b>1.509</b>
Effect of preliminary expenses		-
Net assets attributable to unitholders for issuing/redeeming per unit		<b>1.509</b>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)		<b>1.142</b>

\* Current year disclosure for Class A SGD Acc is covering the period from 17 August 2020 (date of inception) to 31 December 2020 and for Class A USD Acc is covering the period from 23 November 2020 (date of inception) to 31 December 2020.

\*\* Prior year disclosure for Class JPY Acc is covering the period from 1 August 2019 (date of inception) to 31 December 2019.

Effects of preliminary expenses for Class A SGD Acc and Class A USD Acc are less than 0.001.

**United China Onshore Funds**  
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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**8 Units in issue** (continued)

	<b>United China A-Shares Consumption Upgrade Fund Class JPY Acc* 2020</b>
Units at the beginning of the financial period	-
Units created	1,999,173
Units cancelled	<u>(79,106)</u>
Units at the end of the financial period	<u><b>1,920,067</b></u>
	<b>\$</b>
Net assets attributable to unitholders (SGD equivalent)	<b>291,906,054</b>
Net assets value per unit (SGD equivalent)	<b>152.029</b>
Net assets attributable to unitholders (Class Currency)	<b>22,803,193,693</b>
Net assets value per unit (Class Currency)	<b>11,876.249</b>

\* Current year disclosure for Class JPY Acc is covering the period from 3 August 2020 (date of inception) to 31 December 2020.

As at reporting date, there is 1 unitholder holding more than 50% of the units in issue of the Sub-Fund.

# United China Onshore Funds

(Constituted under a Trust Deed in the Republic of Singapore)

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## NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 31 December 2020

### 8 Units in issue (continued)

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the financial period end date is prepared below:

	United China A-Shares Consumption Upgrade Fund Class JPY Acc* 2020 \$
Net assets attributable to unitholders per financial statements per unit	152.029
Effect of (over)/under provision of tax	4.418
Effect of preliminary expenses	<u>0.012</u>
Net assets attributable to unitholders for issuing/redeeming per unit	<u>156.459</u>
Net assets attributable to unitholders for issuing/redeeming per unit (Class Currency)	<u>12,222.309</u>

\* Current year disclosure for Class JPY Acc is covering the period from 3 August 2020 (date of inception) to 31 December 2020.

### 9 Financial risk management

The Sub-Funds' activities expose them to a variety of market risk (including foreign exchange risk, price risk and interest rate risk), liquidity risk and credit risk. The Sub-Funds' overall risk management programme seeks to minimise potential adverse effects on the Sub-Funds' financial performance. The Sub-Funds may use financial futures contracts, financial options contracts and/or foreign currency contracts subject to the terms of the Trust Deed to moderate certain risk exposures. Specific guidelines on exposures to individual securities and certain industries are in place for the Sub-Funds at any time as part of the overall financial risk management to reduce the Sub-Funds' risk exposures.

The Sub-Funds' assets principally consist of financial instruments such as equity investments, fixed interest investments and cash. They are held in accordance with the published investment policies of the Sub-Funds. The allocation of assets between the various types of investments is determined by the Manager to achieve their investment objectives.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **9 Financial risk management** (continued)

#### **(a) Market risk**

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and 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 investor's expectation etc. which may have significant impact on the value of the investments. The Sub-Funds' investments are substantially dependent on changes in market prices and are monitored by the Manager on a regular basis so as to assess changes in fundamentals and valuation. Although the Manager makes reasonable efforts in the choice of investments, events beyond reasonable control of the Manager could affect the prices of the underlying investments and hence the asset value of the Sub-Funds. Guidelines are set to reduce the Sub-Funds' risk exposures to market volatility such as diversifying the portfolio by investing across various industries, alternatively, the Sub-Funds may be hedged using derivative strategies.

##### *(i) Foreign exchange risk*

The Sub-Funds have monetary financial assets and liabilities denominated in currencies other than the Singapore Dollar and it may be affected favourably or unfavourably by exchange rate regulations or changes in the exchange rates between the Singapore Dollar and such other currencies. The Manager may at his discretion, implement a currency management strategy either to reduce currency volatility or to hedge the currency exposures of the Sub-Funds.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**9 Financial risk management** (continued)

**(a) Market risk** (continued)

*(i) Foreign exchange risk (continued)*

The tables below summarise the Sub-Funds' exposures to foreign currencies at the end of the financial year/period.

**United China A-Shares Innovation Fund**  
**As at 31 December 2020**

	SGD \$	CNH \$	JPY \$	USD \$	Total \$
<b>Assets</b>					
Portfolio of investments	-	359,285,526	-	-	359,285,526
Receivables	289,324	-	-	6,613,500	6,902,824
Cash and bank balances	475,534	46,626,379	327,501	98,946	47,528,360
Margin accounts	-	46,339	-	-	46,339
<b>Total Assets</b>	<u>764,858</u>	<u>405,958,244</u>	<u>327,501</u>	<u>6,712,446</u>	<u>413,763,049</u>
<b>Liabilities</b>					
Payables	946,808	-	847,897	798,390	2,593,095
<b>Total Liabilities</b>	<u>946,808</u>	<u>-</u>	<u>847,897</u>	<u>798,390</u>	<u>2,593,095</u>
<b>Net Assets</b>	(181,950)	405,958,244	(520,396)	5,914,056	
Foreign currency contracts (notional value)	-	(1,061,960)	-	1,061,960	
<b>Net currency exposure</b>	<u>(181,950)</u>	<u>404,896,284</u>	<u>(520,396)</u>	<u>6,976,016</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**9 Financial risk management** (continued)

**(a) Market risk** (continued)

*(i) Foreign exchange risk (continued)*

United China A-Shares Innovation Fund  
As at 31 December 2019

	SGD	CNH	JPY	USD	Total
	\$	\$	\$	\$	\$
<b>Assets</b>					
Portfolio of investments	-	151,035,627	-	-	151,035,627
Receivables	8,508	-	34,354,006	-	34,362,514
Cash and bank balances	809,465	14,766,098	123,731	953	15,700,247
Margin accounts	-	33,768	-	-	33,768
<b>Total Assets</b>	<u>817,973</u>	<u>165,835,493</u>	<u>34,477,737</u>	<u>953</u>	<u>201,132,156</u>
<b>Liabilities</b>					
Payables	<u>323,252</u>	-	-	-	<u>323,252</u>
<b>Total Liabilities</b>	<u>323,252</u>	-	-	-	<u>323,252</u>
<b>Net currency exposure</b>	<u>494,721</u>	<u>165,835,493</u>	<u>34,477,737</u>	<u>953</u>	



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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**9 Financial risk management** (continued)

**(a) Market risk** (continued)

*(i) Foreign exchange risk (continued)*

**United China A-Shares Consumption Upgrade Fund**  
**As at 31 December 2020**

	SGD \$	CNH \$	JPY \$	Total \$
<b>Assets</b>				
Portfolio of investments	-	275,317,432	-	275,317,432
Receivables	9,117	-	5,980,303	5,989,420
Cash and bank balances	132,441	21,921,916	360,831	22,415,188
Margin accounts	-	62,039	-	62,039
<b>Total Assets</b>	<u>141,558</u>	<u>297,301,387</u>	<u>6,341,134</u>	<u>303,784,079</u>
<b>Liabilities</b>				
Purchases awaiting settlement	-	2,843,492	-	2,843,492
Payables	551,533	-	-	551,533
<b>Total Liabilities</b>	<u>551,533</u>	<u>2,843,492</u>	<u>-</u>	<u>3,395,025</u>
<b>Net currency exposure</b>	<u>(409,975)</u>	<u>294,457,895</u>	<u>6,341,134</u>	

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**9 Financial risk management** (continued)

**(a) Market risk** (continued)

*(i) Foreign exchange risk (continued)*

**United China A-Shares Innovation Fund**

Investments, which is the significant item in the Statement of Financial Position, is exposed to foreign exchange risk and other price risk. Other price risk sensitivity analysis includes the impact of foreign exchange risk on non-monetary investments. The Sub-Fund's net financial assets comprise significantly of non-monetary investments, hence foreign exchange risk sensitivity analysis has not been presented on the remaining financial assets, except for the following:

Currency	Volatility	2020	Volatility	2019
		Net impact to net assets attributable to unitholders		Net impact to net assets attributable to unitholders
		\$		\$
CNH	4	1,824,430	4	591,995
JPY	6	-*	6	2,068,664

\* denotes amount less than 0.1% of NAV

**United China A-Shares Consumption Upgrade Fund**

Investments, which is the significant item in the Statement of Financial Position, is exposed to foreign exchange risk and interest rate risk. Foreign exchange risk sensitivity analysis is prepared and disclosed only for monetary assets and liabilities. The table below summarises the sensitivity of the Sub-Fund's monetary assets and liabilities to changes in foreign exchange movements at 31 December 2020. The analysis is based on the assumptions that the functional currency increased/decreased to the relevant foreign exchange rates as disclosed below. This represents the Manager's best estimate of a reasonable possible shift in the foreign exchange rates, having regard to historical volatility of those rates.

Currency	Volatility	2020
		Net impact to net assets attributable to unitholders
		\$
CNH	4	769,496
JPY	6	380,468

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 31 December 2020

### 9 Financial risk management (continued)

#### (a) Market risk (continued)

##### (ii) Price risk

The COVID-19 pandemic continues to evolve and develop. The situation is dynamic with various cities and countries around the world responding in different ways to address the pandemic. As a result of the COVID-19 pandemic, global financial markets have experienced significant volatility. Given the extent of the crisis, it is difficult to estimate the impact or duration of the volatility on the portfolio of the Sub-Funds. The Manager is closely monitoring the development of the COVID-19 pandemic and its related impact.

Price risk is the risk of potential adverse changes to the value of financial investments because of changes in market conditions and volatility in security prices.

The table below summarises the impact of increases/decreases from the Sub-Funds' investments in equities on the Sub-Funds' net assets attributable to unitholders at 31 December 2020 and 2019. The analysis is based on the assumption that the index components within the benchmark increased/decreased by a reasonable possible shift, with all other variables held constant and that the prices of the Sub-Funds' investments moved according to the historical correlation with the index.

Benchmark component	2020		2019	
	Volatility %	Net impact to net assets attributable to unitholders \$	Volatility %	Net impact to net assets attributable to unitholders \$
<b>United China A-Shares Innovation Fund</b>				
MSCI China A-Shares	20	84,072,813	16	24,165,700
<b>United China A-Shares Consumption Upgrade Fund</b>				
MSCI China A-Shares	20	56,144,980	n/a	n/a

##### (iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **9 Financial risk management** (continued)

#### **(a) Market risk** (continued)

##### *(iii) Interest rate risk (continued)*

#### **United China A-Shares Innovation Fund**

Investment funds that invest in equity securities may be subject to interest rate risk as any interest rate change may affect the equity risk premium though at varying degrees. To manage this risk, the Manager analyses how interest rate changes may affect different industries and securities and then seeks to adjust the Sub-Fund's portfolio investments accordingly. However, the effects of changes in interest rates in the Sub-Fund's portfolio may not be quantified as the relationship between the interest rates and the value of equity securities is indirect.

Other than cash and bank balances and margin accounts which are at short term market interest rates, and therefore subject to insignificant interest rate risk, the Sub-Fund's financial assets and liabilities are largely non-interest bearing.

Hence, no sensitivity analysis has been presented separately.

#### **United China A-Shares Consumption Upgrade Fund**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The Sub-Fund holds interest bearing securities that expose the Sub-Fund to fair value interest rate risk. The Sub-Fund holds securities of varying maturities and interest rate sensitivities. Movement in market interest rates will affect the valuation of the Sub-Fund's securities by varying degrees. The Sub-Fund's policy requires the Manager to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Sub-Fund's portfolio is a measure of the sensitivity of the fair value of the Sub-Fund's fixed interest securities to changes in market interest rates.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**9 Financial risk management** (continued)

**(a) Market risk** (continued)

*(iii) Interest rate risk (continued)*

The table below summarises the Sub-Fund's exposure to interest rate risks. It includes the Sub-Fund's assets and trading liabilities at fair value, categorised by interest rate types.

	<b>United China A-Shares Consumption Upgrade Fund</b>			
	<b>Variable rates</b>	<b>Fixed rate</b>	<b>Non-interest bearing</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Portfolio of investments	<b>96,931</b>	-	<b>275,220,501</b>	<b>275,317,432</b>
Receivables	-	-	<b>5,989,420</b>	<b>5,989,420</b>
Cash and bank balances	<b>22,415,188</b>	-	-	<b>22,415,188</b>
Margin accounts	-	-	<b>62,039</b>	<b>62,039</b>
<b>Total Assets</b>	<b><u>22,512,119</u></b>	<b><u>-</u></b>	<b><u>281,271,960</u></b>	<b><u>303,784,079</u></b>
<b>Liabilities</b>				
Purchases awaiting settlement	-	-	<b>2,843,492</b>	<b>2,843,492</b>
Payables	-	-	<b>551,533</b>	<b>551,533</b>
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>3,395,025</u></b>	<b><u>3,395,025</u></b>

As at 31 December 2020, there were no fixed rate bond in the portfolio. Therefore, no sensitivity analysis was presented.

**(b) Liquidity risk**

The Sub-Funds are exposed to daily cash redemptions and disbursements for the settlements of purchases. The Manager therefore ensures that the Sub-Funds maintain sufficient cash and cash equivalents and that they are able to obtain cash from the sale of investments held to meet its liquidity requirements. Reasonable efforts will be taken to invest in securities which are traded in a relatively active market and which can be readily disposed of.

The Sub-Funds' investments in quoted securities are considered to be readily realisable as they are quoted on established regional stock exchanges.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**9 Financial risk management** (continued)

**(b) Liquidity risk** (continued)

The Manager may from time to time employ derivatives to implement a portfolio strategy to reduce risk or for the purpose of efficient portfolio management. Market liquidity of complex derivatives are significantly less than traditional investment instruments and such positions may therefore require a longer time to reverse than would typically be expected for traditional investment instruments. No such investments were held at the financial year/period end date.

The tables below analyse the Sub-Funds' financial liabilities into relevant maturity groupings based on the remaining period at the financial year/period end to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<b>United China A-Shares Innovation Fund</b>			
	<b>Less than 3 months</b>	<b>3 months to 1 year</b>	<b>Over 1 year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 31 December 2020</b>			
Payables	2,593,095	-	-
	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$
<b>As at 31 December 2019</b>			
Payables	323,252	-	-
<b>United China A-Shares Consumption Upgrade Fund</b>			
	<b>Less than 3 months</b>	<b>3 months to 1 year</b>	<b>Over 1 year</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 31 December 2020</b>			
Purchases awaiting settlement	2,843,492	-	-
Payables	551,533	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 31 December 2020

### 9 Financial risk management (continued)

#### (c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Concentrations of credit risk are minimised primarily by:

- ensuring counterparties, together with the respective credit limits, are approved,
- ensuring that transactions are undertaken with a large number of counterparties, and
- ensuring that the majority of transactions are undertaken on recognised exchanges.

As such, the Sub-Funds do not have a concentration of credit risk that arises from an exposure to a single counterparty. Furthermore, the Sub-Funds do not have a material exposure to group of counterparties which are expected to be affected similarly by changes in economic or other conditions.

The table below analyses the Sub-Fund's investments by credit ratings as rated by Moody's expressed as a percentage of net assets attributable to unitholders. The credit ratings are reviewed regularly.

<b>United China A-Shares Consumption Upgrade Fund Debt securities 2020</b>		
	<b>Fixed Rate securities</b>	<b>Floating Rate securities</b>
Non-rated	-	-*

\* denotes amount less than 1%

All transactions in listed securities are settled/paid upon delivery and transacted with approved counterparties using an approved list of brokers that is regularly assessed and updated by the Manager. 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.

In order to monitor the credit quality of the "Non-rated" underlying debt securities, the Manager, on the basis of internal research, prepares its own shadow ratings for the various instruments for which publicly available credit ratings are not available. The non-rated securities comprise of debt securities issued mainly by Chinese companies.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 31 December 2020

### 9 Financial risk management (continued)

#### (c) Credit risk (continued)

Credit risk also arises from cash and bank balances, margin accounts and derivative positions held with financial institutions. The tables below summarise the credit rating of banks and custodians in which the Sub-Funds' assets are held as at 31 December 2020 and 2019.

For purposes of impairment assessment, the Sub-Funds' assets which are measured at amortised cost are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL"). The ECL for these assets as at the end of the reporting period is not significant.

The credit ratings are based on the Viability ratings published by Fitch.

#### United China A-Shares Innovation Fund

	<b>Credit rating as at 31 December 2020</b>	Credit rating as at 31 December 2019
<b>Bank and custodian</b>		
State Street Bank and Trust Company	<b>aa-</b>	aa-
<b>Margin accounts</b>		
Industrial and Commercial Bank of China Limited	<b>bb+</b>	bb+
<b>Counterparty of foreign currency contracts</b>		
State Street Bank and Trust Company	<b>aa-</b>	n/a*

\* The Sub-Fund has no exposure to the counterparty as at 31 December 2019.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year/period ended 31 December 2020

### 9 Financial risk management (continued)

#### (c) Credit risk (continued)

##### United China A-Shares Consumption Upgrade Fund

**Credit rating  
as at 31  
December  
2020**

##### Bank and custodian

State Street Bank and Trust Company

**aa-**

##### Margin accounts

Industrial and Commercial Bank of China Limited

**bb+**

The maximum exposure to credit risk at the financial year/period end date is the carrying amount of the portfolio of investments, cash and bank balances and margin accounts as presented in Statements of Financial Position.

#### (d) Capital management

The Sub-Funds' capital is represented by the net assets attributable to unitholders. The Sub-Funds strive to invest the subscriptions of redeemable participating units in investments that meet the Sub-Funds' investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

#### (e) Fair value estimation

The Sub-Funds classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**9 Financial risk management** (continued)

**(e) Fair value estimation** (continued)

The following tables analyse within the fair value hierarchy, the Sub-Funds' financial assets and liabilities (by class) measured at fair value at 31 December 2020 and 2019:

<b>United China A-Shares Innovation Fund</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted equities	<b>359,285,526</b>	-	-	<b>359,285,526</b>
Financial derivatives at fair value	-	<b>2,749</b>	-	<b>2,749</b>
<b>Total</b>	<b>359,285,526</b>	<b>2,749</b>	-	<b>359,288,275</b>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 31 December 2019</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted equities	<b>151,035,627</b>	-	-	<b>151,035,627</b>
<b>Total</b>	<b>151,035,627</b>	-	-	<b>151,035,627</b>

<b>United China A-Shares Consumption Upgrade Fund</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>As at 31 December 2020</b>				
<b>Assets</b>				
Portfolio of investments				
- Quoted bonds	-	<b>96,943</b>	-	<b>96,943</b>
- Quoted equities	<b>275,220,489</b>	-	-	<b>275,220,489</b>
<b>Total</b>	<b>275,220,489</b>	<b>96,943</b>	-	<b>275,317,432</b>

Investment whose values are based on quoted market prices in active markets and therefore classified within Level 1, comprise listed equities. The Sub-Funds do not adjust the quoted price for these instruments.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **9 Financial risk management** (continued)

#### **(e) Fair value estimation** (continued)

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include convertible corporate bonds and over-the-counter derivatives.

Except for cash and bank balances and margin accounts which are classified as Level 1, the Sub-Funds' assets and liabilities not measured at fair value at 31 December 2020 and 2019 have been classified as Level 2. The carrying amounts of these assets and liabilities approximate their fair values as at the financial year/period end date.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**9 Financial risk management** (continued)

**(f) Offsetting financial assets and financial liabilities**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the Statements of Financial Position are disclosed in the first three columns of the table below.

**United China A-Shares Innovation Fund**

Financial assets	Effects of offsetting on the Statements of Financial Position			Related amounts not offset		
			Net amount of financial assets presented in the Statements of Financial Position			
	Gross amounts of financial assets	Statements of Financial Position	Gross amounts set off in the Statements of Financial Position	Financial instruments	Collateral pledged/received	Net amount
	\$	\$	\$	\$	\$	\$
<b>31 December 2020</b>						
Derivative financial instruments	2,749	-	2,749	-	-	2,749
<b>Total</b>	<b>2,749</b>	<b>-</b>	<b>2,749</b>	<b>-</b>	<b>-</b>	<b>2,749</b>
<b>31 December 2019</b>						
Derivative financial instruments	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**10 Related party transactions**

(a) The Manager and the Trustee of the Sub-Funds are UOB Asset Management Ltd and State Street Trust (SG) Limited respectively. The Manager is a subsidiary of United Overseas Bank Limited while the Trustee is a subsidiary of State Street Bank and Trust Company.

Management fee and valuation fee are paid to the Manager for the financial year/period. Trustee fee is paid to the Trustee while registrar fee and custody fee are paid to State Street Bank and Trust Company, Singapore Branch.

These fees paid or payable by the Sub-Funds shown in the Statements of Total Return and in the respective Notes to the Financial Statements are on terms set out in the Trust Deed. All other related party transactions are shown elsewhere in the financial statements.

(b) As at the end of the financial year/period, the Sub-Funds maintained the following accounts with its related parties:

	<b>United China A-Shares Innovation Fund</b>		<b>United China A-Shares Consumption Upgrade Fund</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>State Street Bank and Trust Company, Singapore Branch</b>			
Cash and bank balances	<b>47,528,360</b>	15,700,247	<b>22,415,188</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**10 Related party transactions (continued)**

(c) The following transactions took place during the financial year/period between the Sub-Funds and related parties at terms agreed between the parties:

	<b>United China A-Shares Innovation Fund</b>	<b>United China A-Shares Consumption Upgrade Fund</b>
	For the financial period from 1 August 2019 (date of inception) to 31 December 2019	For the financial period from 3 August 2020 (date of inception) to 31 December 2020
	<b>2020</b>	<b>2020</b>
	\$	\$
<b>State Street Bank and Trust Company, Singapore Branch</b>		
Interest income	<b>76,620</b>	<b>13,772</b>
		<b>31,121</b>
<b>United Overseas Bank Limited</b>		
Bank charges	<b>20,054</b>	<b>773</b>
		<b>4,427</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**11 Financial ratios**

**United China A-Shares Innovation Fund**

Current year disclosure for Class A SGD Acc is covering the period from 17 August 2020 (date of inception) to 31 December 2020 and for Class A USD Acc is covering the period from 23 November 2020 (date of inception) to 31 December 2020. Prior year disclosure for Class JPY Acc is covering the period from 1 August 2019 (date of inception) to 31 December 2019.

**United China A-Shares Consumption Upgrade Fund**

Current year disclosure for Class JPY Acc is covering the period from 3 August 2020 (date of inception) to 31 December 2020.

	<b>United China A-Shares Innovation Fund</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Class JPY Acc</b>		
Total operating expenses (excluding preliminary expenses)	<b>3,024,413</b>	421,283
Total operating expenses (including preliminary expenses)	<b>3,024,413</b>	455,267
Average daily net asset value	<b>314,477,948</b>	100,287,007
Expense ratio (excluding preliminary expenses) (annualised) <sup>1</sup>	<b>0.96%</b>	0.98%
Expense ratio (including preliminary expenses) (annualised) <sup>1</sup>	<b>0.96%</b>	1.02%
<b>Class A SGD Acc</b>		
Total operating expenses (excluding preliminary expenses)	<b>15,509</b>	-
Total operating expenses (including preliminary expenses)	<b>15,509</b>	-
Average daily net asset value	<b>2,149,233</b>	-
Expense ratio (excluding preliminary expenses) (annualised) <sup>1</sup>	<b>1.93%</b>	-
Expense ratio (including preliminary expenses) (annualised) <sup>1</sup>	<b>1.93%</b>	-

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratio at financial year/period end was based on total operating expenses divided by the average net asset value respectively for the financial year/period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**11 Financial ratios (continued)**

	<b>United China A-Shares Innovation Fund</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Class A USD Acc</b>		
Total operating expenses (excluding preliminary expenses)	<b>109,730</b>	-
Total operating expenses (including preliminary expenses)	<b>109,730</b>	-
Average daily net asset value	<b>55,706,647</b>	-
Expense ratio (excluding preliminary expenses) (annualised) <sup>1</sup>	<b>1.85%</b>	-
Expense ratio (including preliminary expenses) (annualised) <sup>1</sup>	<b>1.85%</b>	-
Lower of total value of purchases or sales	<b>355,149,430</b>	77,899,134
Average daily net assets value	<b>372,333,828</b>	100,287,007
Turnover ratio <sup>2</sup>	<b>95.38%</b>	77.68%

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratio at financial year/period end was based on total operating expenses divided by the average net asset value respectively for the financial year/period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.



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**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

**11 Financial ratios (continued)**

	<b>United China A-Shares Consumption Upgrade Fund 2020 \$</b>
<b>Class JPY Acc</b>	
Total operating expenses (excluding preliminary expenses)	<b>816,572</b>
Total operating expenses (including preliminary expenses)	<b>845,352</b>
Average daily net asset value	<b><u>202,258,805</u></b>
Expense ratio (excluding preliminary expenses) (annualised) <sup>1</sup>	<b><u>0.97%</u></b>
Expense ratio (including preliminary expenses) (annualised) <sup>1</sup>	<b><u>0.98%</u></b>
 Lower of total value of purchases or sales	 <b>57,114,196</b>
Average daily net assets value	<b><u>202,258,805</u></b>
Turnover ratio <sup>2</sup>	<b><u>28.24%</u></b>

<sup>1</sup> The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the Sub-Fund's expense ratio at financial period end was based on total operating expenses divided by the average net asset value respectively for the financial period. The total operating expenses do not include (where applicable) brokerage and other transactions costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Sub-Fund does not pay any performance fee. The average net asset value is based on the daily balances.

<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the average daily net asset value.

## **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year/period ended 31 December 2020

### **12 Comparative**

#### **United China A-Shares Innovation Fund**

The financial statements for the Sub-Fund for the current period are for the financial year ended 31 December 2020. The comparatives are for the financial period from 1 August 2019 (date of inception) to 31 December 2019. The comparative figures for Statements of Total Return, Statements of Movements of Unitholders' Funds and related notes are therefore not comparable.

#### **United China A-Shares Consumption Upgrade Fund**

The financial statements cover the financial period from 3 August 2020 (date of inception) to 31 December 2020. This being the first set of financial statements for the Sub-Fund, there are no available comparative figures.



