



**國泰君安國際**  
GUOTAI JUNAN INTERNATIONAL  
ASSET MANAGEMENT

# **Guotai Junan Investment Funds**

Guotai Junan Greater China Growth Fund

INTERIM REPORT (Unaudited)  
For the six months ended 30 June 2020

**Guotai Junan Assets (Asia) Limited**

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**DIRECTORY OF PARTIES**

**Investment Manager**

Guotai Junan Assets (Asia) Limited  
27th Floor, Low Block, Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**Directors of the Manager**

YIM Fung  
QI Haiying  
LI Guangjie (*appointed 20 September 2019*)  
LAI Changhua (*appointed 20 September 2019*)  
CHIU Simon Siu Hung

**Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central, Hong Kong

**Auditors**

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

**Legal Adviser**

Deacons  
5th Floor, Alexandra House  
18 Chater Road Central  
Hong Kong



**INVESTMENT MANAGER'S REVIEW**

FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

**MARKET REVIEW**

US and China reached first phase deal of trade talks at the start of the year, but nobody would have expected the outbreak of the coronavirus pandemic, which sent the world into lockdown, and may have long lasting effect on the global economy. Equity markets experienced extremely high volatility, a dramatic fallout in global equity, followed by sharp rebound after the accommodative FED made two emergency cuts which sent the fed fund rate back to level zero.

The year began with relief for global stock markets, trade deal between US and China gave a glimpse of hope to the equity investor, better than expected corporate earnings helped many indices to record high in February 2020. But sentiment shifted quickly after the widespread of coronavirus turned into a global pandemic, people got sick and died, cities and countries locked down, normal life disrupted, all major market crashed. Then the FED and other central banks came to rescue, by 2 emergency cuts in fed fund rate to zero, and combined with relief plans by governments around the world, which helped stabilizing the market and saw S&P 500 rebounded strongly, it only dropped by 4% for 1H2020.

For Hong Kong market, Hang Seng Index dropped 13.3% in 1H2020, underperforming other major equity markets indexes globally. Although relatively well contained the pandemic compared with other major countries, the social unrest and rising tension between US and China kept local economy weak. Sectors related to tourism and retail sales plummeted severely, while sectors benefit from the pandemic impact such as healthcare and technology performed quite well. However, onshore market performed much better on expectation that the central government will implement more monetary and fiscal stimuli to stimulate the economy, especially on consumption related sectors, CSI 300 index increased 1.6% in 1H2020.



**INVESTMENT MANAGER'S REVIEW (CONTINUED)**  
FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**MARKET OUTLOOK**

We expect that divergence in economic conditions and a possible wide spread monetary easing globally to be the overarching theme for global economy in the rest of 2020. Though the coronavirus pandemic hit China first, it's well under control now, and business life and economic activities have been already back to almost normal level in China already. It seemed still a long way for the rest of the world. With the FED made two emergency cut to zero, the monetary policy would stay extremely accommodative for a long period, unless the pandemic is contained. While China's monetary policy is back to normal as the latest data shown. While the other major economies are facing the same public health risk, a global recession is on the table. But the market seemed somehow detached from the economic reality, NASDAQ rebounded to historical high. And there are still a lot of uncertainties on political events that may derail the global economy recovery, particularly the tension between US and China. We suspect there might be more market volatility down the road for equity investors given the stretched valuation and economic uncertainty. With market volatility keeping at a much higher level and staying there for a while longer than we would like.

And for the greater China markets, we expect the central government would release more favorable policies, both monetary and fiscal, to revive the economy after the pandemic hit. And we also expect the new economy such as 5G and Internet related service sectors would keep benefitting from the technology upgrades and current epidemic situation.

For Hong Kong market, it is trading at an attractive valuation level, we expect that a large part of the negativities have already been factored in.



**INVESTMENT MANAGER'S REVIEW (CONTINUED)**  
FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

**INVESTMENT STRATEGY**

We are conservatively optimistic on companies with good earning visibility and trading at reasonable valuation levels, meanwhile we would remain cautious when the volatility is at an elevated level. We believe corporate earnings growth is the most important driver of the market performance, sector selection would still be as critical as ever, we believe sectors with strong cash flows, sectors benefit from the technology upgrades and sectors benefit from consumption upgrades would outperform the general market, and we would position ourselves accordingly.



**INVESTMENT MANAGER’S REVIEW (CONTINUED)**  
**FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**  
**SUB-FUNDS’ PERFORMANCE**

**A. Guotai Junan Greater China Growth Fund**

Performance table

Index / Fund's Name	Jan - Jun 2020	Since Inception
	Rate of Return (%)	Rate of Return (%)
Hang Seng China-Affiliated Total Return Index	-15.1%	-7.0%
Taiwan Taiex Total Return Index	-2.3%	112.8%
Hang Seng China Enterprises Total Return Index	-10.9%	-9.1%
Hang Seng Total Return Index	-11.9%	38.2%
MSCI Golden Dragon Total Return Index	0.0%	65.2%
<b>Guotai Junan Greater China Growth Fund</b>	<b>8.6%</b>	<b>-3.5%</b>
MSCI China Daily Total Return Index	3.5%	42.4%

\* Ranked by the total returns of indices or the Fund for Jan - Jun 2020.

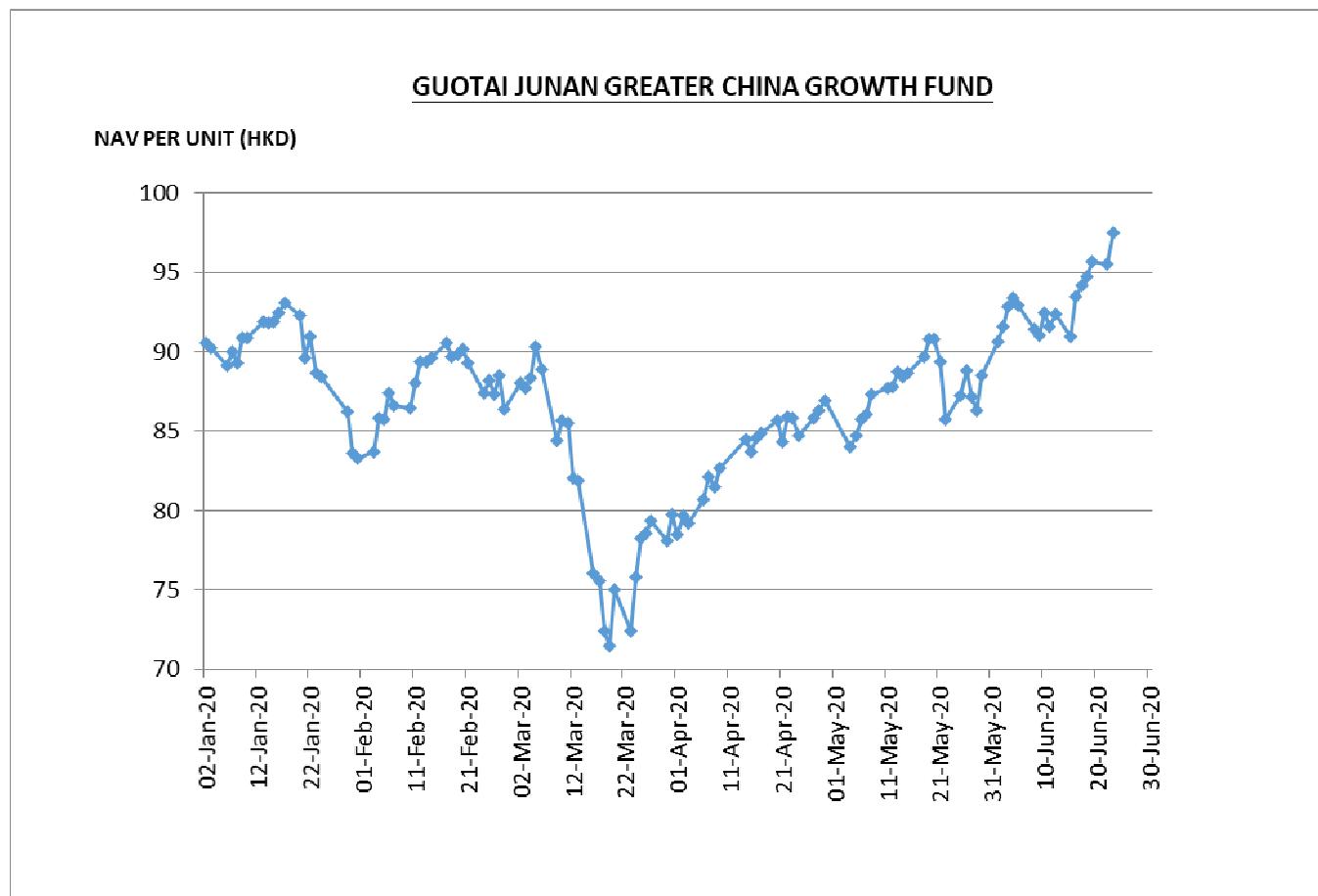
The total return of the Guotai Junan Greater China Growth Fund (“GJGC” hereafter) increased by 8.6% in the first half of year 2020, and recorded a loss of 3.5% since inception i.e. 19 Nov 2007.

In the 1st half of year 2020, GJGC outperformed the total returns of the Hang Seng Index (“HSI”) and Hang Seng China Enterprises Index (“HSCEI”) by 20.5% and 19.4% respectively. GJGC’s portfolio had overweighted health care and consumer discretionary, which have outperformed the Hang Seng Index constituents.

As of the end of 1H 2020, GJGC’s portfolio was well diversified. Amongst all exposure, health care, consumer discretionary and communication services were the top weighed sectors, which made up of 21.8%, 21.5% and 9.6% of the NAV respectively.

**INVESTMENT MANAGER’S REVIEW (CONTINUED)**  
**FOR THE PERIOD ENDED 30 JUNE 2020 (UNAUDITED)**  
**SUB-FUNDS’ PERFORMANCE (CONTINUED)**

**A. Guotai Junan Greater China Growth Fund**





**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

	1st January 2020 to 30th June 2020	1st January 2019 to 30th June 2019
	HK\$	HK\$
<b>Income</b>		
Dividend income	338,027	666,044
Interest income Note 1	73	23,637
<b>Total income</b>	<u>338,100</u>	<u>689,681</u>
<b>Expenses</b>		
Trustee fee	234,000	234,000
Sub Custody and bank charges Note 1	8,767	7,232
Auditor's remuneration	92,172	107,553
Valuation fee Note 1	66,285	65,332
Brokerage and handling fees	241,276	142,787
Management fee	535,042	432,169
Transaction fees Note 1	74,855	45,422
Registrar fee Note 1	22,426	21,591
Miscellaneous expenses Note 1	86,461	92,511
<b>Total expenses</b>	<u>1,361,284</u>	<u>1,148,597</u>
Loss before investment gain and exchange differences	(1,023,184)	(458,916)
<b>Investment gain and exchange differences</b>		
Net change in unrealised gain/(loss) on investments	5,008,845	4,571,516
Net realized gains on investments	1,794,107	1,043,787
Foreign exchange differences	(3,174)	(2,411)
<b>Investment gain and exchange differences</b>	<u>6,799,778</u>	<u>5,612,892</u>
<b>Profit before tax</b>	5,776,594	5,153,976
Withholding tax	(11,738)	(13,924)
<b>Profit for the period</b>	<u>5,764,856</u>	<u>5,140,052</u>
Other comprehensive income for the period, net of tax	0	0
<b>Total comprehensive income for the period</b>	<u><u>5,764,856</u></u>	<u><u>5,140,052</u></u>



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**  
**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

Note 1 During the period ended 30 June 2020 and 2019, other respective amounts paid to the Trustee/connected person of Trustee were as follows:

	<b>1st January 2020</b>	<b>1st January 2019</b>
	<b>30th June 2020</b>	<b>30th June 2019</b>
	<b>HK\$</b>	<b>HK\$</b>
Interest income	73	23,637
Registrar fee	22,426	21,591
Valuation fee	66,285	65,332
Sub Custody and bank charges	8,767	2,407
Miscellaneous expenses	48,489	25,462
Transaction fees	74,855	45,422



**STATEMENT OF FINANCIAL POSITION**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**  
**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

	<b>30 June</b>	<b>31 December</b>
	<b>2020</b>	<b>2019</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Assets</b>		
Financial assets at fair value through profit or loss	65,741,771	66,208,692
Dividend receivables	152,004	2,522
Due from brokers	3,623,509	2,005,650
Interest receivables	0	8
Cash and bank balances	5,333,562	5,985,889
<b>Total assets</b>	<u>74,850,846</u>	<u>74,202,761</u>
<b>Liabilities</b>		
Financial liabilities at fair value through profit or loss	0	107,200
Other payables and accruals	445,132	732,458
<b>Total liabilities</b>	<u>445,132</u>	<u>839,658</u>
<b>Equity</b>		
Net assets attributable to unitholders	74,405,714	73,363,103
<b>Total liabilities and equity</b>	<u>74,850,846</u>	<u>74,202,761</u>
	<b>Units</b>	<b>Units</b>
<b>Number of units in issue</b>	<u>771,349.52</u>	<u>825,747.65</u>
	<b>HK\$</b>	<b>HK\$</b>
<b>Net asset value per unit</b>	<u>96.46</u>	<u>88.84</u>



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**STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)  
**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

	<b>1st January 2019 to 30th June 2019 HK\$</b>
<b>At 1 January 2019</b>	58,919,591
Subscription of units	4,943,608
Redemption of units	(9,567,713)
Total comprehensive income for the period	5,140,052
<b>At 30 June 2019</b>	<u>59,435,538</u>
	<b>1st January 2020 to 30th June 2020 HK\$</b>
<b>At 1 January 2020</b>	73,363,103
Subscription of units	1,645,896
Redemption of units	(6,368,141)
Total comprehensive income for the period	5,764,856
<b>At 30 June 2020</b>	<u>74,405,714</u>



**STATEMENT OF CHANGES IN EQUITY (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**  
**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

Number of units in issue	<b>Units</b>
<b>Units outstanding at 1 January 2019</b>	755,062.820
Units subscribed	57,088.420
Units redeemed	(116,935.580)
<b>Units outstanding at 30 June 2019</b>	<u>695,215.66</u>

Number of units in issue	<b>Units</b>
<b>Units outstanding at 1 January 2020</b>	825,747.650
Units subscribed	17,812.580
Units redeemed	(72,210.710)
<b>Units outstanding at 30 June 2020</b>	<u>771,349.520</u>

**STATEMENT OF CASH FLOWS**  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)  
**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

	1st January 2020	1st January 2019
	30th June 2020	30th June 2019
	HK\$	HK\$
<b>Cash flows from operating activities</b>		
Profit for the period	5,764,856	5,140,052
Adjustments for:		
Net change in unrealised gain/(loss) on investments	(5,008,845)	(4,571,516)
Net realised gain on investments	(1,794,107)	(1,043,787)
Interest income	(73)	(23,637)
Dividend income	(326,289)	(652,120)
	(1,364,458)	(1,151,008)
Payments on purchase of financial assets and liabilities at fair value through profit or loss	(64,611,092)	(40,505,762)
Proceeds from disposals of financial assets and liabilities at fair value through profit or loss	71,773,765	41,172,758
Increase in amount due from unitholder	0	(45,460)
(Increase)/decrease in amounts due from brokers	(1,617,859)	3,849,491
Decrease in other payables and accruals	(287,326)	(4,290)
Increase in amounts due to brokers	0	1,804,176
Interest received	81	23,542
Dividend received	188,545	402,544
Withholding tax paid	(11,738)	(13,924)
<b>Net cash flows from operating activities</b>	4,069,918	5,532,067

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)**  
**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

	<b>1st January 2020</b>	<b>1st January 2019</b>
	<b>30th June 2020</b>	<b>30th June 2019</b>
	<b>HK\$</b>	<b>HK\$</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	1,645,896	4,943,608
Payments on redemption of units	(6,368,141)	(9,567,713)
<b>Net cash flows used in financing activities</b>	<b>(4,722,245)</b>	<b>(4,624,105)</b>
Net (decrease)/increase in cash and cash equivalents	(652,327)	907,962
Cash and cash equivalents at beginning of the period	5,985,889	9,799,876
<b>Cash and cash equivalents at end of the period</b>	<b>5,333,562</b>	<b>10,707,838</b>
<b>Analysis on balance of cash and cash equivalents</b>		
Bank balance	5,333,562	10,707,838

**STATEMENT OF DISTRIBUTION**

FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

	<b>1st January 2019 to 30th June 2019 HK\$</b>
Undistributed income as at 1 January 2019	0
Total comprehensive income for the period	5,140,052
Less: Net change in unrealised gain/(loss) on investments	(4,571,516)
<b>Undistributed income before distribution</b>	<u>568,536</u>
Transfer to capital	(568,536)
<b>Undistributed income at 30 June 2019</b>	<u>0</u>
	<b>1st January 2020 to 30th June 2020 HK\$</b>
Undistributed income as at 1 January 2020	0
Total comprehensive income for the period	5,764,856
Less: Net change in unrealised gain/(loss) on investments	(5,008,845)
<b>Undistributed income before distribution</b>	<u>756,011</u>
Transfer to capital	(756,011)
<b>Undistributed income at 30 June 2020</b>	<u>0</u>





**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO**  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 (UNAUDITED)

**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

	% of net assets 30-Jun-20	% of net assets 31 Dec 2019
<b>Equity</b>		
- Hong Kong	81.82	84.44
- United States	6.44	5.83
<b>Future</b>		
- Hong Kong	0.1	-0.15
	88.36	90.12

**INVESTMENT PORTFOLIO**  
**AS AT 30 JUNE 2020 (UNAUDITED)**  
**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

<b>Investment Portfolio as at 30 JUN 2020</b>			
<b>Listed Investment Equities</b>	<b>Holdings</b>	<b>Market Value (HKD)</b>	<b>% of Net Assets</b>
<b>HONG KONG</b>			
AK MEDICAL HOLDINGS	50,000	1,232,500	1.66
ALIBABA GROUP HOLDING LTD	14,400	3,018,240	4.06
ALIBABA HEALTH INFORMATION	60,000	1,356,000	1.82
A-LIVING SERVICES CO LTD	40,000	1,562,000	2.10
ANHUI CONCH CEMENT CO LTD-H	20,000	1,044,000	1.40
BOSHIWA INTERNATIONAL HOLDING <sup>1</sup>	690,000	-	0
CANSINO BIOLOGICS INC	1,000	213,800	0.29
CHINA ANIMAL HEALTHCARE LTD <sup>2</sup>	316,000	-	0
CHINA EVERBRIGHT GREENTECH LTD	250,000	762,500	1.02
CHINA FEIHE LTD	100,000	1,552,000	2.09
CHINA LESSO GROUP HOLDINGS LTD	100,000	1,008,000	1.35
CHINA LITERATURE LTD	12,800	668,160	0.90
CHINA MERCHANTS BANK CO. LTD	60,000	2,139,000	2.87
COFCO MEAT HOLDINGS LTD	294,000	752,640	1.01
COUNTRY GARDEN SERVICES HOLDING	70,000	2,520,000	3.39
CSC FINANCIAL CO LTD	80,000	701,600	0.94

<sup>1</sup> Trading for these securities was suspended since 15 March 2012. The security was written-down to nil.

<sup>2</sup> Trading for these securities was suspended since 30 March 2015. The security was written-down to nil

**INVESTMENT PORTFOLIO**

AS AT 30 JUNE 2020 (UNAUDITED)

**GUOTAI JUNAN GREATER CHINA GROWTH FUND (CONTINUED)**

<b>Investment Portfolio as at 30 JUN 2020</b>			
<b>Listed Investment Equities</b>	<b>Holdings</b>	<b>Market Value (HKD)</b>	<b>% of Net Assets</b>
<b>HONG KONG</b>			
HONG KONG EXCHANGES AND CLEARING	2,500	825,000	1.11
HOPE EDUCATION GROUP CO LTD	330,000	874,500	1.18
JIUMAOJIU INTERNATIONAL HOLDING	150,000	2,007,000	2.70
LI NING CO. LTD.	100,000	2,460,000	3.31
MEITUAN DIANPING	27,800	4,778,820	6.42
PING AN HEALTHCARE AND TECHNOLOGY	10,000	1,179,000	1.58
POLY PROPERTY DLP	30,000	2,340,000	3.15
SEMICONDUCTOR MANUFACTURING INC	80,000	2,160,000	2.90
SHANDONG WEIGAO GROUP MEDICAL	160,000	2,758,400	3.71
SHANGHAI JUNSHI BIOSCIENCES CO	30,000	1,675,500	2.25
SHIMAO GROUP HOLDINGS LTD.	80,000	2,624,000	3.53
SINO BIOPHARMACEUTICAL LTD.	50,000	730,000	0.98
TENCENT HOLDINGS LTD.	13,000	6,481,800	8.71
VINDA INTERNATIONAL HOLDINGS LTD	30,000	831,000	1.12
WEIMOB INC	160,000	1,556,800	2.09
WUXI APPTec CO LTD	22,400	2,255,680	3.03
WUXI BIOLOGICS CAYMAN INC	34,000	4,821,200	6.48
YIHAI INTERNATIONAL HOLDING LTD	25,000	1,986,250	2.67



**INVESTMENT PORTFOLIO**

AS AT 30 JUNE 2020 (UNAUDITED)

**GUOTAI JUNAN GREATER CHINA GROWTH FUND (CONTINUED)**

<b>Investment Portfolio as at 30 JUN 2020</b>			
<b>Listed Investment Equities</b>	<b>Holdings</b>	<b>Market Value (HKD)</b>	<b>% of Net Assets</b>
<b>LISTED FUTURE</b>			
HANG SENG FUTURE JULY 2020 *	(5)	74,750	0.10
<b>UNITED STATES</b>			
ADVANCED MICRO DEVICES INC	2,500	1,019,365	1.37
JD.COM INC	1,900	886,191	1.19
ALIBABA GROUP HOLDING LTD	1,200	2,006,101	2.70
TAIWAN SEMICONDUCTOR MANUFACTURING	2,000	879,975	1.18
TOTAL INVESTMENT		65,741,771	88.36
TOTAL INVESTMENT, AT COST		52,902,482	

\* The Future Hang Seng Index July 2020 executed at Counterparty- GUOTAI JUNAN FUTURES (HONG KONG) LIMITED  
The Underlying assets of listed future is 'HIS Index'



**DISTRIBUTION DISCLOSURE**

RECORD OF DISTRIBUTION FROM 1 JANUARY 2020

**GUOTAI JUNAN GREATER CHINA GROWTH FUND**

No distribution has been declared for the reported period from 1 January 2020 to 30 June 2020