

First State China All Cap Fund

Semi Annual Report

July 2019 - December 2019

First State China All Cap Fund

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This semi-annual report shall not constitute an offer to sell or a solicitation of an offer to buy units in the First State China All Cap Fund. Subscriptions are to be made only on the basis of the information contained in the relevant Explanatory Memorandum, as supplemented by the latest annual and semi-annual reports.

**First State China All Cap Fund
Report of the Manager (Unaudited)**

Performance

	1 July 2019 to 31 Dec 2019	1 July 2018 to 31 Dec 2018
First State China All Cap Fund Class II*	10.26%	(20.59)%
First State China All Cap Fund Class III	10.45%	(20.45)%
Benchmark: MSCI China Free Index	9.29%	(17.43)%

(Performance calculation is based on the official dealing NAV.)

* As per the updated Explanatory Memorandum dated 7 October 2014, the existing units of the Fund will be referred to as “Class II” units.

Performance

Key contributors to performance included CSPC Pharmaceutical, which increased on the strength of its pipeline. The company has 25 innovative drugs in clinical trials currently, with aims to launch these over the next five years. AAC Technologies rose on expectations of an uptick in the smartphones sector. Tencent rose after reporting solid growth in its social media advertising and financial technology segments. In addition, the launch of two new games proved popular with users, which boosted revenues.

On the negative side, Tong Ren Tang Technologies declined, as production constraints led to lower sales volumes and decreased revenue. Vitasoy fell on concerns about a slowdown in growth and Luk Fook weakened on lower inbound Chinese tourists.

First State China All Cap Fund
Report of the Manager (Unaudited) (continued)

Major Activity

Significant purchases over the year included ZTO Express, an express delivery company led by a group of committed founders and long-tenure senior managers, who have turned the company from industry late-comer into an industry leader. In the near term, the business should be supported by strong volume growth, while in the mid-to-long term, we believe the delivery fee has substantial upside.

The Fund divested Towngas China to buy China Resources Gas (CR Gas) and sold Yunnan Baiyao on concerns about its strategy and utilisation of cash.

Outlook

Global trade concerns have receded, with a preliminary agreement between China and the US on the makings of a trade deal. However, resolving the broader issues of competing ideologies is a more challenging endeavour – and requires further diplomacy between the two countries. Though China has dialled back its Made in China 2025 strategy, aspirations to increase the wealth and wellbeing of its people and avoid the so-called middle income trap suggest that the government will continue to invest heavily into technology, automation, new energy and other industries of strategic importance.

However, we expect well-managed companies in China to adapt to the market environment and believe that the trade war will have limited impact on our portfolios in the long run. In our view, many of the businesses we own have proven that they are able to develop new capabilities, innovate and remain competitive in response to challenging headwinds.

First State China All Cap Fund
Investment Portfolio (Unaudited)
as at 31 December 2019

	Holdings as at 31.12.2019	Market value US\$	% of net asset value
Listed investments – equities (98.49%)			
<i>Listed on the Stock Exchange of Hong Kong (64.53%)</i>			
AAC Technologies Holdings Inc Com	15,000	130,907	1.52
ASM Pacific Technology Ltd	10,900	151,222	1.76
China Mengniu Dairy Co Ltd	94,000	380,015	4.41
China Merchants Bank Co Ltd - H	99,791	512,928	5.95
China Overseas Property Holding Co Ltd	122,307	76,915	0.89
China Resources Beer Holdings Co Ltd	38,000	210,195	2.44
China Resources Gas Group Ltd	46,000	252,676	2.93
China Resources Land Ltd	76,137	379,131	4.40
China Resources Medical Holdings Co Ltd	200,834	116,503	1.35
China Taiping Insurance Holdings Co Ltd	76,861	190,579	2.21
China Vanke Co Ltd - H	31,226	133,251	1.55
CSPC Pharmaceutical Group Ltd	110,000	262,301	3.04
ENN Energy Holdings Ltd	18,700	204,356	2.37
Fuyao Glass Industry Group Co Ltd - H	32,154	98,420	1.14
Hengan International Group Co Ltd	15,500	110,405	1.28
Minth Group Ltd	62,000	218,820	2.54
Nissin Foods Co Ltd	147,000	116,780	1.36
Shanghai Henlius Biotech Inc-H	7,800	40,793	0.47
Shenzhen International Group	15,200	222,193	2.58
Sino Biopharmaceutical Ltd	121,000	169,268	1.96
Sunny Optical Technology Group Co Ltd	5,900	102,147	1.19
Techtronic Industries Co Ltd	23,000	187,588	2.18
Tencent Holdings Ltd	16,400	790,554	9.17
Tong Ren Tang Technologies Co Ltd - H	114,000	112,072	1.30
Tsingtao Brewery Co Ltd - H	22,000	147,809	1.72
VITASOY International Holdings Ltd	24,000	87,015	1.01
Xinyi Glass Holdings Co Ltd	118,000	156,287	1.81
		5,561,130	64.53

First State China All Cap Fund
Investment Portfolio (Unaudited) (continued)
as at 31 December 2019

	Holdings as at 31.12.2019	Market value US\$	% of net asset value
Listed investments – equities (98.49%) (continued)			
<i>Listed on the Stock Exchange of New York, U.S.A.</i>			
<i>(8.52%)</i>			
51Job Inc ADR	3,481	295,537	3.43
Trip.com Group Ltd ADR	3,797	127,352	1.48
Yum China Holdings Inc	2,609	125,258	1.45
ZTO Express (Cayman) Inc ADR	7,952	185,679	2.16
		733,826	8.52
<i>Listed on the Stock Exchange of Shanghai People's Republic of China (9.32%)</i>			
Haier Smart Home Co Ltd	45,520	127,440	1.48
Hongfa Technology Co Ltd - A	32,920	162,824	1.89
Shanghai International Airport Co Ltd	24,618	278,338	3.23
Zhejiang Chint Electrics Co Ltd	60,868	234,204	2.72
		802,806	9.32
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China (13.05%)</i>			
Bank of Ningbo Co Ltd - A	26,730	108,031	1.25
Beijing Thunisoft Corp Ltd	14,830	54,081	0.63
China National Accord Medicines Co Ltd - B	30,100	106,233	1.23
Gree Electric Appliances Inc of Zhuhai	9,291	87,479	1.02
Hangzhou Hikvision Digital Technology Co Ltd	25,800	121,274	1.41
Han's Laser Technology Industry Group Co Ltd	18,755	107,708	1.25
Midea Group Co Ltd	51,554	431,149	5.00
Shenzhen Inovance Technology Co Ltd	24,652	108,445	1.26
		1,124,400	13.05
<i>Listed on the Stock Exchange of Taiwan (3.07%)</i>			
Advantech Co Ltd	9,699	97,711	1.13
Largan Precision Co Ltd	1,000	166,795	1.94
		264,506	3.07

First State China All Cap Fund
Investment Portfolio (Unaudited) (continued)
as at 31 December 2019

	Market value US\$	% of net asset value
Listed investments – equities (98.49%) (continued)		
Total listed investments – equities	8,486,668	98.49
Other net assets	130,498	1.51
Net assets as at 31 December 2019	<u>8,617,166</u>	<u>100.00</u>
Total listed investments, at historical cost	<u>5,885,770</u>	

First State China All Cap Fund
Statement of Movements in Portfolio Holdings (Unaudited)
for the period ended 31 December 2019

Listed investments	Portfolio holdings Additions	Disposals	Corporate Action
Equities			
<i>Listed on the Stock Exchange of Hong Kong</i>			
AAC Technologies Holdings Inc Com	1,500	18,000	-
Aeon Stores (Hong Kong) Co Ltd	-	167,500	-
ASM Pacific Technology Ltd	-	20,800	-
China Bluechemical Ltd Shs - H	-	332,000	-
China Conch Venture Holdings Ltd	-	47,000	-
China Mengniu Dairy Co Ltd	7,000	54,000	-
China Merchants Bank Co Ltd - H	7,500	52,000	-
China Overseas Grand Oceans Group Ltd	-	360,000	-
China Overseas Property Holding Co Ltd	-	300,000	-
China Resources Beer Holdings Co Ltd	6,000	22,000	-
China Resources Gas Group Ltd	46,000	-	-
China Resources Land Ltd	44,000	18,000	-
China Resources Medical Holdings Co Ltd	51,500	84,500	-
China Taiping Insurance Holdings Co Ltd	20,800	31,600	-
China Vanke Co Ltd - H	-	29,900	-
CSPC Pharmaceutical Group Ltd	4,000	124,000	-
ENN Energy Holdings Ltd	-	39,200	-
Fuyao Glass Industry Group Co Ltd - H	5,600	15,200	-
Hengan International Group Co Ltd	3,500	7,500	-
Luk Fook Holdings International Ltd	-	65,000	-
Luye Pharma Group Ltd	-	188,500	-
Minth Group Ltd	2,000	46,000	-
Nissin Foods Co Ltd	14,000	145,000	-
Shanghai Henlius Biotech Inc-H	7,800	-	-
Shenzhou International Group	-	9,400	-
Sino Biopharmaceutical Ltd	54,000	64,000	-
Sunny Optical Technology Group Co Ltd	-	3,400	-
Techtronic Industries Co Ltd	-	27,500	-
Tencent Holdings Ltd	4,600	7,000	-
Tong Ren Tang Technologies Co Ltd - H	17,000	55,000	-
Towngas China Co Ltd	11,820	461,933	-
Tsingtao Brewery Co Ltd - H	4,000	10,000	-
VITASOY International Holdings Ltd	-	14,000	-
Wasion Holdings Ltd	-	636,000	-
Xinyi Glass Holdings Co Ltd	14,000	60,000	-

First State China All Cap Fund
Statement of Movements in Portfolio Holdings (Unaudited)
for the period ended 31 December 2019

Listed investments (continued)	Portfolio holdings Additions	Disposals	Corporate Action
Equities			
<i>Listed on the Stock Exchange of New York, U.S.A.</i>			
51Job Inc ADR	1,685	1,012	-
Baidu Inc ADR	-	1,205	-
Ctrip.Com International Ltd ADR	804	1,686	(3,797)
Trip.com Group Ltd ADR	-	-	3,797
Yum China Holdings Inc	2,223	1,053	-
ZTO Express (Cayman) Inc ADR	7,952	-	-
<i>Listed on the Stock Exchange of Shanghai, People's Republic of China</i>			
Beijing Wangfujing Department Store	-	27,300	-
Haier Smart Home Co Ltd	10,700	32,000	-
Hongfa Technology Co Ltd - A	10,800	13,800	-
Shanghai International Airport Co Ltd	2,500	15,500	-
Zhejiang Chint Electrics Co Ltd	9,000	29,300	-
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China</i>			
Anhui Zhongding Sealing Parts Co Ltd	-	74,800	-
Bank of Ningbo Co Ltd - A	-	15,000	-
Beijing Thunisoft Corp Ltd	-	8,400	-
Chaozhou Three-Circle Group Co Ltd	21,800	21,800	-
China National Accord Medicines Co Ltd - B	-	16,900	-
Gree Electric Appliances Inc of Zhuhai	-	5,300	-
Hangzhou Hikvision Digital Technology Co Ltd	9,100	9,400	-
Han's Laser Technology Industry Group Co Ltd	10,800	11,800	-
Midea Group Co Ltd	6,700	25,300	-
Shenzhen Inovance Technology Co Ltd	21,600	5,900	-
Weifu High-Technology Group Co Ltd	15,400	69,800	-
Yunnan Baiyao Group Co Ltd - A	-	19,900	-
<i>Listed on the Stock Exchange of Taiwan</i>			
Advantech Co Ltd	-	11,000	-
Largan Precision Co Ltd	1,000	-	-

First State China All Cap Fund
Statement of Net Assets (Unaudited)
as at 31 December 2019

	(Unaudited) 31 December 2019 US\$	(Audited) 30 June 2019 US\$
Assets		
Formation cost	2,107	4,122
Investments	8,486,668	12,263,304
Derivative financial instruments	36	-
Interest receivable	3	8
Dividend receivable	-	51,322
Amounts receivable from brokers	98,585	5,313
Cash at banks	255,787	128,555
Total assets	8,843,186	12,452,624
Liabilities		
Derivative financial instruments	44	1
Amounts payable to brokers	99,182	-
Amounts payable on redemption	53,132	53,132
Accounts payable and accrued expenses	73,662	104,876
Total liabilities (excluding net assets attributable to unitholders)	226,020	158,009
Net assets attributable to unitholders	8,617,166	12,294,615
Number of units in issue		
- Class II (USD)	34,860.65	35,166.60
- Class III (USD)	267,959.27	607,402.20
Net assets attributable to unitholders per unit		
- Class II (USD)	135.85	123.18
- Class III (USD)	14.48	13.10

First State China All Cap Fund
General Information
For the period ended 31 December 2019

Manager	First State Investments (Hong Kong) Limited 25th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Directors of the Manager	Christian Richard Spencer Turpin (resigned on 16 December 2019) Michael David Stapleton Lucinda Kate Dowling
Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited 1 Queen's Road Central Hong Kong
Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building Central Hong Kong
Legal Advisor to the Manager	Deacons Alexandra House 5th Floor 18 Charter Road Central Hong Kong

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* The SFC has not reviewed the contents of this website.