

FSSA China
All Cap Fund

Semi-Annual Report

July 2022 - December 2022



FSSA China All Cap Fund

Contents	Pages
Report of the manager (unaudited)	1 – 2
Investment portfolio (unaudited)	3 – 5
Statement of movements in portfolio holdings (unaudited)	6 – 7
Details in respect of financial derivative instruments (unaudited)	8
Statement of net assets (unaudited)	9
Statement of comprehensive income (unaudited)	10 – 11
Statement of changes in net assets attributable to unitholders (unaudited)	12
Cash flow statement (unaudited)	13
General information	14

This semi-annual report shall not constitute an offer to sell or a solicitation of an offer to buy units in the FSSA 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.

FSSA China All Cap Fund
Report of the Manager (Unaudited)

Performance

	1 July 2022 To 31 Dec 2022	1 July 2021 To 31 Dec 2021
FSSA China All Cap Fund Class I	(5.06%)	(12.65%)
FSSA China All Cap Fund Class II	(4.98%)	(12.68%)
FSSA China All Cap Fund Class III	(4.73%)	(12.49%)
Benchmark: MSCI China Free Index	(12.02%)	(23.13%)

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

Performance review

Over the six-month period, key contributors included Longfor Properties, after regulators announced a series of supportive measures for the property sector. Autobio Diagnostics reported decent earnings results, with both revenue and net profit growing steadily. The company has gained market share against global peers, while management expects growth to accelerate further in 2023.

On the negative side, China Merchants Bank (CMB) declined as the government's anti-graft agency investigated the now-former president for "legal and disciplinary violations", though the share price has rebounded in more recent months. Midea Group was affected by sluggish demand and inventory destocking in its consumer business due to the economic slowdown.

Major Activity

New purchases over the period included Longfor Properties, one of the leading private developers in China. Longfor is widely regarded as one of the most efficient operators in industry and its balance sheet looks reasonable. The valuation was attractive and we were encouraged to see the family owners buying shares. The Fund also bought Boya Bio-Pharmaceutical, a plasma products business with 29% held by China Resources Group (via CR Pharmaceutical). The company has high profitability due to its balanced revenue mix and centralised production. After China Resources Group took control in 2021, we expect further volume growth and efficiency improvement.

The Fund sold China Vanke to fund the Longfor purchase, and Alibaba as tightening regulations and increasing competition pose ongoing challenges for the business.

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

Outlook

China's steps towards reopening should be positive for growth in the coming year, though it will take some time to normalise and there is still uncertainty ahead. Though restrictions have largely been lifted, factory and business closures due to pandemic lockdowns over the past three years have affected household income and weakened spending power. And with Covid cases on the rise, social activities have yet to rebound, with in-restaurant dining and movie theatre attendance still significantly below pre-pandemic levels.

In the longer term, we believe that China's structural growth drivers remain intact. Rising wealth and incomes should continue to drive the shift towards a consumption-led economy and increase demand for better quality (and higher-priced) goods and services. Meanwhile, China's growing sophistication in technology and innovation in manufacturing should help its domestic champions move up the value chain and benefit from the growing preference for home-grown goods and components.

FSSA China All Cap Fund
Investment Portfolio (Unaudited)
As at 31 December 2022

	Holdings as at 31.12.2022	Market value US\$	% of net asset value
Listed investments – equities (99.20%)			
<i>Listed on the Stock Exchange of Hong Kong (63.97%)</i>			
ANTA Sports Products Ltd	14,400	188,742	2.09
Beijing Capital International Airport Co Ltd	266,000	194,602	2.15
China Mengniu Dairy Co Ltd	70,000	317,491	3.51
China Merchants Bank Co Ltd - H	61,791	345,573	3.82
China Resources Beer Holdings Co Ltd	48,000	335,479	3.71
China Resources Gas Group Ltd	36,000	135,145	1.49
China Resources Land Ltd	116,137	531,957	5.88
ENN Energy Holdings Ltd	1,000	14,042	0.16
Haier Smart Home Co Ltd - H	63,000	214,710	2.37
Huazhu Group Ltd	46,630	201,039	2.22
JD.com Inc - A	17,526	494,459	5.47
Kingdee International Software Group Co Ltd	48,000	102,950	1.14
Longfor Group Holdings Ltd	46,500	144,773	1.60
Meituan	20,200	452,141	5.00
Netease Inc	9,800	143,768	1.59
Nongfu Spring Co Ltd	3,400	19,211	0.21
Shenzhen International Group	10,200	114,743	1.27
Sino Biopharmaceutical Ltd	465,500	272,562	3.01
Sunny Optical Technology Group Co Ltd	5,400	64,240	0.71
Tencent Holdings Ltd	15,500	663,297	7.33
Weichai Power Company Limited - H	69,000	92,649	1.02
Weimob Inc	151,000	128,849	1.42
Wuxi Biologics Cayman Inc	4,871	37,352	0.41
Xiaomi Corp - B	37,400	52,423	0.58
Xinyi Glass Holdings Co Ltd	72,000	134,130	1.48
Yihai International Holding Ltd	21,000	74,261	0.82
ZTO Express Cayman Inc - A	11,698	317,144	3.51
		5,787,732	63.97

FSSA China All Cap Fund
Investment Portfolio (Unaudited) (continued)
As at 31 December 2022

	Holdings as at 31.12.2022	Market value US\$	% of net asset value
Listed investments – equities (99.20%) (continued)			
<i>Listed on the Stock Exchange of New York, U.S.A.</i>			
<i>(0.45%)</i>			
ACM Research Inc	5,277	40,686	0.45
		<u>40,686</u>	<u>0.45</u>
<i>Listed on the Stock Exchange of Shanghai People's Republic of China (13.08%)</i>			
Autobio Diagnostics Co Ltd - A	14,516	129,764	1.43
Dashenlin Pharmaceutical Group	33,185	189,934	2.10
Guangzhou Kingmed Diagnostics Group Co Ltd	11,000	124,327	1.37
Hongfa Technology Co Ltd - A	36,988	178,609	1.97
Jiangsu Hengrui Medicine Co Ltd	4,000	22,275	0.25
Nari Technology Co Ltd - A	15,900	56,073	0.62
Ping An Insurance Group Co	49,500	336,255	3.72
Shanghai M&G Stationery Inc	14,200	112,839	1.25
Zwsoft Co Ltd Guangzhou - A	1,180	33,029	0.37
		<u>1,183,105</u>	<u>13.08</u>
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China (20.58%)</i>			
Bank of Ningbo Co Ltd - A	24,153	113,279	1.25
Chacha Food Co Ltd	12,500	90,333	1.00
China Resources Boya Bio-Pharmaceutical Group Co Ltd	27,900	147,427	1.63
Midea Group Co Ltd	52,154	390,413	4.31
S F Holding Co Ltd	23,691	197,777	2.19
Shanghai Hanbell Precise Machinery Co Ltd	35,397	122,529	1.35
Shanghai Liangxin Electric Co Ltd	74,060	156,815	1.73
Shenzhen Inovance Technology Co Ltd	3,400	34,153	0.38
Shenzhen Mindray Bio-Medic - A	4,100	187,239	2.07
Shenzhen Sunlord Electronics Co Ltd	45,700	172,922	1.91
Sinoseal Holding Co Ltd	13,200	74,234	0.82
Zhejiang Weixing New Building Materials Co Ltd	56,740	175,005	1.94
		<u>1,862,126</u>	<u>20.58</u>
<i>Listed on the Stock Exchange of Taiwan (1.12%)</i>			
MediaTek Inc	5,000	101,674	1.12
		<u>101,674</u>	<u>1.12</u>

FSSA China All Cap Fund
Investment Portfolio (Unaudited) (continued)
As at 31 December 2022

	Market value US\$	% of net asset value
Listed investments – equities (99.20%) (continued)		
Total listed investments – equities	8,975,323	99.20
Other net assets	72,178	0.80
Net assets as at 31 December 2022	<u>9,047,501</u>	<u>100.00</u>
Total listed investments, at historical cost	<u>8,881,092</u>	

FSSA China All Cap Fund
Statement of Movements in Portfolio Holdings (Unaudited)
For the period ended 31 December 2022

Listed investments	Portfolio holdings		Corporate
	Additions	Disposals	Action
<u>Equities</u>			
<i>Listed on the Stock Exchange of Hong Kong</i>			
Alibaba Group Holding Ltd	-	13,600	-
ANTA Sports Products Ltd	1,200	-	-
China Mengniu Dairy Co Ltd	13,000	-	-
China Merchants Bank Co Ltd - H	6,500	-	-
China Resources Beer Holdings Co Ltd	2,000	8,000	-
China Resources Gas Group Ltd	6,000	-	-
China Resources Land Ltd	-	30,000	-
China Vanke - H	356	356	-
China Vanke Co Ltd - H	-	58,326	-
ENN Energy Holdings Ltd	-	800	-
Haier Smart Home Co Ltd - H	4,000	6,400	-
Huazhu Group Ltd	14,500	-	-
JD.com Inc - A	2,050	-	-
Kingdee International Software Group Co Ltd	48,000	-	-
Longfor Group Holdings Ltd	50,500	4,000	-
Netease Inc	2,700	-	-
Shenzhou International Group	10,200	-	-
Sino Biopharmaceutical Ltd	25,000	-	-
Sunny Optical Technology Group Co Ltd	2,800	-	-
Tencent Holdings Ltd	1,600	-	-
Weichai Power Company Limited - H	69,000	-	-
Xinyi Glass Holdings Co Ltd	30,000	-	-
Zhongsheng Group Holdings Ltd	-	6,000	-
ZTO Express Cayman Inc - A	-	3,900	-

FSSA China All Cap Fund
Statement of Movements in Portfolio Holdings (Unaudited) (continued)
For the period ended 31 December 2022

Listed investments (continued)	Portfolio holdings		Corporate
	Additions	Disposals	Action
<u>Equities (continued)</u>			
<i>Listed on the Stock Exchange of New York, U.S.A.</i>			
ACM Research Inc	-	1,038	-
<i>Listed on the Stock Exchange of Shanghai, People's Republic of China</i>			
Autobio Diagnostics Co Ltd - A	-	7,900	-
Dashenlin Pharmaceutical Group	-	22,300	-
Hongfa Technology Co Ltd - A	13,300	-	-
Jiangsu Hengrui Medicine Co Ltd	-	7,800	-
Nari Technology Co Ltd - A	3,300	-	-
Zhejiang Chint Electrics Co Ltd	-	8,168	-
Zwsoft Co Ltd Guangzhou - A	-	1,200	-
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China</i>			
Bank of Ningbo Co Ltd - A	-	2,500	-
Chacha Food Co Ltd	12,500	-	-
China Resources Boya Bio-Pharmaceutical Group Co Ltd	27,900	-	-
Han's Laser Technology Industry Group Co Ltd	-	13,155	-
Midea Group Co Ltd	3,500	-	-
Shanghai Hanbell Precise Machinery Co Ltd	3,700	-	-
Shanghai Liangxin Electric Co Ltd	6,100	-	-
Shenzhen Inovance Technology Co Ltd	-	1,300	-
Shenzhen Mindray Bio-Medic - A	-	200	-
Shenzhen Sunlord Electronics Co Ltd	9,200	-	-
Sinoseal Holding Co Ltd	4,400	-	-
Zhejiang Weixing New Building Materials Co Ltd	-	17,400	-
<i>Listed on the Stock Exchange of Taiwan</i>			
MediaTek Inc	1,000	-	-

FSSA China All Cap Fund
Details in Respect of Financial Derivative Instruments (Unaudited)
As at 31 December 2022

The financial derivative instruments held by the fund as at 31st December 2022 are summarised below:

Spot foreign exchange contracts

The details of spot foreign exchange contracts held by the fund as at 31st December 2022 are as follows:

As at 31st December 2022

Nil

FSSA China All Cap Fund
Statement of Net Assets (Unaudited)
As at 31 December 2022

	(Unaudited) 31 December 2022 US\$	(Audited) 30 June 2022 US\$
Assets		
Investments	8,975,323	9,316,654
Interest receivable	9	2
Dividend receivable	2,343	49,281
Amounts receivable on sale of investments	-	2,153
Amounts receivable on management fee rebate	6,501	13,552
Cash and cash equivalents	200,573	242,734
	<u>9,184,749</u>	<u>9,624,376</u>
Total assets		
Liabilities		
Amounts payable on redemption	53,132	76,270
Accounts payable and accrued expenses	84,116	119,912
	<u>137,248</u>	<u>196,182</u>
Total liabilities (excluding net assets attributable to unitholders)		
	<u>9,047,501</u>	<u>9,428,194</u>
Net assets attributable to unitholders		
Number of units in issue		
- Class I (USD)	119,257.29	108,249.77
- Class II (USD)	31,666.21	31,863.53
- Class III (USD)	267,959.27	267,959.27
	<u>9,047,501</u>	<u>9,428,194</u>
Net assets attributable to unitholders per unit		
- Class I (USD)	9.56	10.07
- Class II (USD)	130.36	137.19
- Class III (USD)	14.10	14.80
	<u>9.56</u>	<u>10.07</u>

Note: Semi-annual report of the sub-fund has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements.

FSSA China All Cap Fund
Statement of Comprehensive Income (Unaudited)
For the period ended 31 December 2022

	(Unaudited) For the period from 1st July 2022 to 31st December 2022 US\$	(Unaudited) For the period from 1st July 2021 to 31st December 2021 US\$
Income		
Interest on bank deposits	918	9
Dividend on investments	56,593	59,511
Net losses on investments and derivative financial instruments	(453,437)	(1,498,179)
Management fee rebate	14,387	50,007
Other income	-	3,066
Exchange losses	(1,893)	(753)
Total net loss	<u>(383,432)</u>	<u>(1,386,339)</u>
	-----	-----
Expenses		
Management fee ^{Note 2}	53,692	70,339
Trustee's fee ^{Note 1}	4,096	4,753
Administration fee ^{Note 1}	5,733	6,000
Auditor's remuneration	2,370	18,820
Legal and professional fees	3,496	18,781
Transaction costs ^{Note 2}	3,928	5,097
Safe custody and bank charges ^{Note 1}	99	3,776
Other operating expenses ^{Note 1}	9,228	11,685
Total operating expenses	<u>82,642</u>	<u>139,251</u>
	-----	-----
Loss before tax	(466,074)	(1,525,590)
Withholding tax	(3,876)	(4,943)
Decrease in net assets attributable to unitholders from operations	<u>(469,950)</u>	<u>(1,530,533)</u>
	=====	=====

FSSA China All Cap Fund
Statement of Comprehensive Income (Unaudited) (continued)
For the period ended 31 December 2022

Note 1 During the period ended 31 December 2022 and 2021, other than trustee's fee, administration fee and safe custody and bank charges paid to the Trustee or its Connected Persons, other respective amounts paid to the Trustee or its Connected Persons were as follows:

	(Unaudited) For the period from 1st July 2022 to 31st December 2022 US\$	(Unaudited) For the period from 1st July 2021 to 31st December 2021 US\$
Other operating expenses	8,337	8,321

Note 2 During the period ended 31 December 2022 and 2021, other than Management fee paid to the Manager, other respective amounts paid to the Manager or its Connected Persons were as follows:

	(Unaudited) For the period from 1st July 2022 to 31st December 2022 US\$	(Unaudited) For the period from 1st July 2021 to 31st December 2021 US\$
Transaction costs	7	9

FSSA China All Cap Fund
Statement of Changes in Net Assets Attributable to Unitholders (Unaudited)
For the period ended 31 December 2022

	(Unaudited) For the period from 1st July 2022 to 31st December 2022 US\$	(Unaudited) For the period from 1st July 2021 to 31st December 2021 US\$
Net assets attributable to unitholders at 1 July	9,428,194	12,158,307
Allotment of units	127,318	123,493
Redemption of units	(38,061)	(27,196)
Decrease in net assets attributable to unitholders from operations	(469,950)	(1,530,533)
Net assets attributable to unitholders at 31 December	<u>9,047,501</u>	<u>10,724,071</u>
	(Unaudited) For the period from 1st July 2022 to 31st December 2022 Units	(Unaudited) For the period from 1st July 2021 to 31st December 2021 Units
Class I (USD)		
Balance at the beginning of the period	108,249.77	78,969.86
Allotment of units	13,013.97	10,345.89
Redemption of units	(2,006.45)	(2,136.59)
Balance at the end of the period	<u>119,257.29</u>	<u>87,179.16</u>
Class II (USD)		
Balance at the beginning of the period	31,863.53	32,223.48
Allotment of units	-	-
Redemption of units	(197.32)	-
Balance at the end of the period	<u>31,666.21</u>	<u>32,223.48</u>
Class III (USD)		
Balance at the beginning of the period	267,959.27	267,959.27
Allotment of units	-	-
Redemption of units	-	-
Balance at the end of the period	<u>267,959.27</u>	<u>267,959.27</u>

FSSA China All Cap Fund
Cash Flow Statement (Unaudited)
For the period ended 31 December 2022

	(Unaudited) For the period from 1st July 2022 to 31st December 2022 US\$	(Unaudited) For the period from 1st July 2021 to 31st December 2021 US\$
Cash flows from operating activities		
Payments on purchase of investments and derivative financial instruments	(1,197,799)	(2,655,057)
Proceeds from sale of investments and derivative financial instruments	1,087,847	2,244,688
Interest received	911	9
Dividend received	99,655	86,759
Other income received	-	3,066
Management fee rebate received	21,438	48,493
Management fee paid	(61,022)	(71,634)
Trustee's fee paid	(4,804)	(4,793)
Administration fee paid	(7,000)	(6,003)
Auditor's remuneration paid	(22,178)	(34,901)
Transaction costs paid	(3,928)	(5,097)
Other operating expenses paid	(19,507)	(36,022)
Net cash used in operating activities	(106,387)	(430,492)
Cash flows from financing activities		
Allotment of units	127,318	124,769
Redemption of units	(61,199)	(27,196)
Net cash generated from financing activities	66,119	97,573
Net decrease in cash and cash equivalents	(40,268)	(332,919)
Effect of foreign exchange rate changes	(1,893)	(753)
Cash and cash equivalents at the beginning of the period	242,734	560,208
Cash and cash equivalents at the end of the period	200,573	226,536
Analysis of balance of cash and cash equivalents		
Cash at banks	200,573	226,536

FSSA China All Cap Fund
General Information
For the period ended 31 December 2022

Manager	First Sentier Investors (Hong Kong) Limited 25th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Directors of the Manager	Michael David Stapleton Lucinda Kate Dowling Chung Piau Chia Lauren Prendiville Robert Gordon Scott (Resigned on 14 October 2022)
Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited 1 Queen's Road Central Hong Kong
Auditor	Deloitte Touche Tohmatsu 35/F, One Pacific Place 88 Queensway Hong Kong
Legal Advisor to the Manager	Deacons 5th Floor Alexandra House 18 Charter Road Central Hong Kong

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