



CFund-China Equity

(a Sub-Fund of CFund)

Annual Report and Financial Statements

For the period from 2 January 2019 (date of commencement of operations)

to 31 December 2019

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Management and Administration

Manager

Pickers Capital Management Limited
Flat 1301, 13/F, Ovest,
77 Wing Lok Street
Sheung Wan
Hong Kong

Trustee, Administrator, and Registrar

BOCI-Prudential Trustee Limited
12/F & 25/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

Directors of the Manager

Lee Ho Tak
Lau, Ada Hiu-ye

Custodian

Bank of China (Hong Kong) Limited
14/F, Bank of China Tower
1 Garden Road
Central
Hong Kong

Legal Counsel to the Manager

Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
Hong Kong

Auditor

PricewaterhouseCoopers
21/F, Edinburgh Tower
15 Queen's Road Central
Hong Kong

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Report of the Manager to the unitholders

CFund – China Equity (the “Sub-Fund”), a sub-fund of CFund, finished its inaugural period up 9.43% (after fees) amid a tumultuous backdrop. 2019 saw Hong Kong political unrest making international news headlines, competing with drama from around the world including the trade war, Brexit and Trump’s impeachment. The Hang Seng Index understandably was a roller coaster ride through the period.

Heading into 2020, the Sub-Fund was fully invested. We focused on structural ideas in the consumer sector, where we prefer brands, services and new distribution channels. In the more volatile technology sector, we selectively added names that benefit from product upgrade and localization. We maintained a position in gold as a hedge against potential political surprises in a US election year and given our view that major central banks are not yet ready to exit the low interest rate era.

By mid-January 2020, initial euphoria on the back of the US-China phase 1 trade deal gave way to growing fear as the coronavirus drama unfolded in China. Cyclical, which had earlier outperformed on expectations of a re-acceleration in global growth, corrected sharply as the near-term outlook dimmed. We reduced the Sub-Fund’s exposure significantly.

As the coronavirus became a global pandemic and various countries entered lockdown, global capital markets plunged. The original assumption of a sharp but short-term hit to growth quickly morphed to the possibility of a full-fledged global recession. The US Fed took swift action, cutting interest rates by 150 basis points and launching a new round of quantitative easing. Europe and Japan also pledged unprecedented liquidity support.

Concerned by signs of rising cross-asset correlation and a surge in volatility, we further reduced the Sub-Fund’s gross exposure, with the aim to increase holding power. In terms of portfolio composition, we reiterate our focus on long-term secular trends. Rather than being derailed, the following trends have in fact been reinforced during this time of global dislocation: (1) e-commerce expanding from goods to services, (2) healthcare-related research and investment, (3) technological upgrade and supply chain re-organization.

At the time of writing, we are starting to see nascent signs of stabilization, both in terms of the number of new coronavirus cases in developed markets and the level of liquidity and volatility in capital markets. We do not aim to predict the path of the virus and think it is still early to conclude the markets have bottomed. We are, however, selectively adding bottom-up stock ideas and also maintaining hedges in the form of gold and interest rate sensitives.

We are cautiously optimistic on the China market. Barring any resurgence in new cases, we see room for further policy action to provide support to domestic shares.

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Certificate of the Manager

We, as Manager of CFund – China Equity (the “Sub-Fund”), a sub-fund of CFund, hereby certify to the best of our knowledge and belief that during the period from 2 January 2019 (date of commencement of operations) to 31 December 2019, we have not, nor has any other person acting on our behalf:

- (a) transferred units to another person for sale, resale, cancellation or subsequent transfer to us for sale, resale or cancellation;
- (b) acquired or disposed of investments for account of the Sub-Fund other than through a recognised securities market;
- (c) disposed of units to another party for a price lower than the current issue price at the time of disposal;
- (d) acquired units for a price higher than the current realisation price at the time of such acquisition.

For and on behalf of

Pickers Capital Management Limited
24 April 2020

CFund - China Equity **(A Sub-Fund of CFund)**

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For the period from 2 January 2019 (date of commencement of operations) to 31 December 2019

Report of the Trustee to the unitholders

We hereby confirm that, to the best of our knowledge the Manager of CFund – China Equity (the “Sub-Fund”), a sub-fund of CFund, has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 6 November 2018, as amended, and its supplemental deeds, for the period from 2 January 2019 (date of commencement of operations) to 31 December 2019.

BOCI-Prudential Trustee Limited
24 April 2020

**Independent Auditor's Report
To the Unitholders of CFund – China Equity
(A Sub-Fund of CFund)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of CFund – China Equity (the “Sub-Fund”), a sub-fund of CFund, set out on pages 8 to 36, which comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the period from 2 January 2019 (date of commencement of operations) to 31 December 2019;
- the statement of changes in net assets attributable to unitholders for the period from 2 January 2019 (date of commencement of operations) to 31 December 2019;
- the statement of cash flows for the period from 2 January 2019 (date of commencement of operations) to 31 December 2019; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2019, and of its financial transactions and its cash flows for the period from 2 January 2019 (date of commencement of operations) to 31 December 2019 in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). 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 opinion.

Independence

We are independent of the Sub-Fund in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**Independent Auditor's Report
To the Unitholders of CFund – China Equity
(A Sub-Fund of CFund)(Continued)**

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than 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 Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as the Management 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 Management of the Sub-Fund is responsible for assessing the Sub-Fund's 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 Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 6 November 2018, as amended ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

**Independent Auditor's Report
To the Unitholders of CFund – China Equity
(A Sub-Fund of CFund)(Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with ISAs, 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-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management'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-Fund's 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-Fund 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.

We communicate with the Management 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.

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 April 2020

CFund - China Equity

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Statement of Financial Position
As at 31 December 2019

	Notes	As at 31 December 2019 HKD
ASSETS		
CURRENT ASSETS		
Financial assets at fair value through profit or loss	3.1	313,680,019
Derivatives	3.1 and 6	1,578,426
Dividends receivable		27,790
Amounts due from brokers		10,989,197
Prepayments		11,047
Margin deposits	8	17,208,000
Bank balances	11(a)	16,436,322
TOTAL ASSETS		<u>359,930,801</u>
LIABILITIES		
CURRENT LIABILITIES		
Derivatives	3.1 and 6	573,745
Management fee payable	11(c)	444,298
Performance fee payable	11(d)	5,005,342
Trustee fee payable	11(b)	44,430
Amounts due to brokers		11,181,703
Amounts payable on redemption of units		249,230
Other payables and accruals		815,846
TOTAL LIABILITIES		<u>18,314,594</u>
NET ASSETS		<u>341,616,207</u>
EQUITY		
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		<u>341,616,207</u>

For and on behalf of
BOCI-Prudential Trustee Limited, Trustee

For and on behalf of
Pickers Capital Management Limited, Manager

Trustee

Director

The notes on pages 12 to 36 are an integral part of these financial statements.

CFund - China Equity (A Sub-Fund of CFund)

Statement of Comprehensive Income

For the period from 2 January 2019 (date of commencement of operations) to 31 December 2019

	Notes	For the period from 2 January 2019 (date of commencement of operations) to 31 December 2019 HKD
INCOME		
Dividend income		5,654,358
Interest income on bank deposits	11(a)	101,518
Net realised loss on financial assets at fair value through profit or loss		(9,562,881)
Net change in unrealised gain on financial assets at fair value through profit or loss		43,640,652
Net exchange loss		(219,110)
TOTAL NET INCOME		<u>39,614,537</u>
EXPENSES		
Management fee	11(c)	4,852,536
Performance fee	11(d)	5,057,156
Trustee fee	11(b)	495,655
Custodian fee	11(f)	166,528
Auditors' remuneration		150,000
Transaction costs		2,330,007
Establishment costs		929,228
Brokers commission expenses		1,523,731
Legal and professional fee		319,166
Transaction and handling fees	11(e), 11(f)	435,448
Other general expenses		93,549
TOTAL OPERATING EXPENSES		<u>16,353,004</u>
PROFIT BEFORE TAX		23,261,533
Withholding taxes	10	145,541
TOTAL COMPREHENSIVE INCOME		<u>23,115,992</u>

The notes on pages 12 to 36 are an integral part of these financial statements.

CFund - China Equity (A Sub-Fund of CFund)

Statement of Changes in Net Assets Attributable to Unitholders

For the period from 2 January 2019 (date of commencement of operations) to 31 December 2019

	For the period from 2 January 2019 (date of commencement of operations) to 31 December 2019 HKD
Net assets attributable to unitholders at the beginning of the period	-
Subscription of units	322,462,970
Redemption of units	(3,962,755)
Net increase from transactions with unitholders	<u>318,500,215</u>
Total comprehensive income for the period	<u>23,115,992</u>
Net assets attributable to unitholders at the end of the period	<u><u>341,616,207</u></u>

The notes on pages 12 to 36 are an integral part of these financial statements.

CFund - China Equity (A Sub-Fund of CFund)

Statement of Cash Flows

For the period from 2 January 2019 (date of commencement of operations) to 31 December 2019

	Notes	For the period from 2 January 2019 (date of commencement of operations) to 31 December 2019 HKD
Cash flows from operating activities		
Profit before income tax		23,261,533
Adjustments for:		
Interest Income on bank deposits		(101,518)
Dividend income		(5,654,358)
Withholding taxes		145,541
Net exchange loss		219,110
Operating income before working capital changes		<u>17,870,308</u>
Increase in financial assets at fair value through profit and loss		(313,680,019)
Increase in derivatives		(1,004,681)
Increase in amounts due from brokers		(10,989,197)
Increase in margin deposits – restricted	8	(9,563,733)
Increase in prepayment		(11,047)
Increase in management fee payable		444,298
Increase in trustee fee payable		44,430
Increase in amounts due to brokers		11,181,703
Increase in performance fee payable		5,005,342
Increase in other payable		661,968
Cash used in operating activities		<u>(300,040,628)</u>
Withholding taxes paid		(137,204)
Dividend income received		5,626,568
Interest received		101,518
Net cash used in operating activities		<u>(294,449,746)</u>
Cash flows from financing activities		
Proceeds from subscription of units		322,462,970
Payments on redemption of units		(3,713,525)
Net cash generated from financing activities		<u>318,749,445</u>
Net increase in cash and cash equivalents		24,299,699
Cash and cash equivalents at the beginning of the period		-
Net exchange loss		(219,110)
Cash and cash equivalents at the end of the period		<u><u>24,080,589</u></u>
Analysis of Balances of Cash and Cash Equivalents:		
Cash at bank		16,436,322
Margin deposits - unrestricted	8	7,644,267
		<u><u>24,080,589</u></u>

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Notes to the Financial Statements

1. General information

CFund (the "Fund") is a unit trust established under the laws of Hong Kong by the Trust Deed dated 6 November 2018, as amended, and its supplemental deed, made between Pickers Capital Management Limited as Manager (the "Manager") and BOCI-Prudential Trustee Limited (appointed on 6 November 2018) as Trustee (the "Trustee"). The Fund currently consists of one sub-fund, CFund – China Equity (the "Sub-Fund"), which commenced its operations on 2 January 2019. The Sub-fund has issued one class of shares.

The Fund and the Sub-Fund have been authorised by the Securities and Futures Commission of Hong Kong ("SFC") under Section 104 of the Securities and Futures Ordinance of Hong Kong and are required to comply with the Code on Unit Trusts and Mutual Funds established by the SFC of Hong Kong ("the Code") on 3 December 2018.

The investment objective of the Sub-Fund is to provide long-term capital appreciation by primarily investing in listed equities with a China focus. There can be no assurance that the Sub-Fund will achieve its investment objective. The Sub-Fund seeks to achieve its objective primarily through exposure to companies established in China or those which, whilst established outside China, derive a significant proportion of their revenue or profits from business related to China. The Sub-Fund makes investments into companies that, in the Manager's opinion, have been undervalued by the market. There is no restriction on market capitalisations or industries in relation to the equity securities in which the Sub-Fund may invest.

For the period from 2 January 2019 (date of commencement of operations) to 30 December 2019, the principal investments of Sub-Fund primarily were stocks listed in Hong Kong, Shanghai and/or Shenzhen. Generally, the asset allocation strategy was that at least 70% of the Sub-Fund's non cash assets would be invested in stocks listed in Hong Kong of companies established in China or those which, whilst established outside China, derived a significant proportion of their revenue or profits from business related to China, and 0% to 20% of the Sub-Fund's non cash assets would be invested in stocks listed in Shanghai and/or Shenzhen (including stocks in the ChiNext market and/or stocks listed on the Small and Medium Enterprise Board).

Starting from 31 December 2019, pursuant to the Explanatory Memorandum, the principal investment of the Sub-Fund has been amended and approved. Under normal circumstances, the asset allocation strategy is that at least 70% of the Sub-Fund's Net Asset Value will be invested in stocks of companies established in China or those which, whilst established outside China, derive a significant proportion of their revenue or profits from business related to China (including but not limited to investment in depositary receipts such as American Depositary Receipts), and, subject to an overall upper limit on onshore China exposure of 20% of the Sub-Fund's Net Asset Value, up to 20% of the Sub-Fund's Net Asset Value will be invested directly or indirectly in stocks listed in Shanghai (including stocks listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange and/or Shenzhen (including stocks in the ChiNext market and/or stocks listed on the Small and Medium Enterprise Board). Exposure to A-shares and B-shares may be obtained in different ways, including indirect exposure (such as through investing in exchange-traded funds and/or other funds that invest in the relevant China listed shares and/or derivative instruments such as swaps), and direct exposure (in the case of A-shares, such as via the Shanghai Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (together, the "Stock Connect"), and/or other relevant programmes when such other relevant programmes become available). Investments in exchange-traded funds by the Sub-Fund are considered and treated as listed securities for the purposes of and subject to the requirements in Chapters 7.1, 7.1A and 7.2 of the Code on Unit Trusts and Mutual Funds issued by the SFC.

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Notes to the Financial Statements

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the period presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued and the relevant disclosure provisions specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code").

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and derivatives which are measured at fair value through profit or loss. The financial statements are presented in Hong Kong dollars ("HK\$").

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the Manager and the Trustee to exercise their judgement in the process of applying the Sub-Fund's accounting policies. The areas involving a higher degree of judgement or complexity, and areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Investments

(i) Assets

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

(ii) Liabilities

The Sub-Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

As such, the Sub-Fund classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss.

Recognition, derecognition and measurement

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the statement of comprehensive income in the period in which they arise. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

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2. Summary of significant accounting policies – (continued)

(b) Investments

Recognition, derecognition and measurement (continued)

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market and participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date.

Investments that are listed or traded on an exchange are fair valued based on quoted last traded prices.

(c) Derivatives

Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Subsequent changes in the fair value of any derivative instrument are recognised immediately in the statement of comprehensive income.

(d) Transaction costs

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include the fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as expense.

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the "functional currency"). The performance of the Sub-Fund is measured and reported to the unitholders in Hong Kong Dollar ("HK\$"). The Manager considers Hong Kong Dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Hong Kong Dollar, which is the Sub-Fund's functional and presentation currency.

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Notes to the Financial Statements

2. Summary of significant accounting policies – (continued)

(e) Foreign currency translation

(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 currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the period end date. Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within "Net exchange gains/(losses)".

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within "Net change in unrealised gain/(loss) on financial assets at fair value through profit or loss" and "Net realised gain/(loss) on financial assets at fair value through profit or loss".

(f) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts, if any.

(g) Margin accounts

Margin accounts represent margin deposits held in respect of open exchange-traded futures contracts.

(h) Amounts due from/to brokers

Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled on the statement of financial position date.

Amounts due to brokers are payables for securities purchased (in a regular way transaction) that have been contracted for but not yet delivery on the statement of financial position date. These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement 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 company or the counterparty.

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Notes to the Financial Statements

2. Summary of significant accounting policies – (continued)

(j) Accounts receivables

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the brokers, probability that the brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by the management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(k) Accounts payables and accruals

Accounts payables and accruals are recognised initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognised over the period of the payable using the effective interest method. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(l) Investment Income and expenses

Dividend income is recognised on the ex-dividend date with the corresponding foreign withholding taxes recorded as a taxation charge.

Interest income is recognised on a time-proportion basis using the effective interest method. Expenses are accounted for on an accrual basis

(m) Redeemable units

The Sub-Fund's redeemable units, which are redeemable at the holder's option, represents puttable financial instruments. Puttable financial instruments are classified as equity in accordance with IAS 32 (Amendment), "Financial instruments: Presentation" if they meet all the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Fund.

The Sub-Fund has only one class of redeemable units in issue and its redeemable units meet all of these conditions and are classified as equity.

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2. Summary of significant accounting policies – (continued)

(n) Taxation

The Sub-Fund currently incurs withholding taxes imposed by certain countries on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income.

Withholding taxes are included as taxation in the statement of comprehensive income.

(o) Establishment costs

Establishment costs are recognised as an expense in the period in which they are incurred.

(p) Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes; (a) restricted activities, (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors, (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Sub-Fund considers all of its investments in other funds (“Investee Funds”) to be investments in unconsolidated structured entities. The Sub-Fund invests in Investee Funds whose objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds are managed by unrelated asset managers and apply various investment strategies to accomplish their respective investment objectives. The Investee Funds finance their operations by issuing redeemable shares which are puttable at the holder’s option and entitles the holder to a proportional stake in the respective fund’s net assets. The Sub-Fund holds redeemable shares in each of its Investee Funds.

The change in fair value of each Investee Fund is included in the statement of comprehensive income in “Net change in unrealised gain/loss on financial assets at fair value through profit or loss”.

3 Financial risk management

The Sub-Fund is exposed to a variety of risks including but not limited to market price risk, cash flow and fair value interest rate risk, currency risk, credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Fund invests.

The following is a summary of the main risks and risk management policies.

3.1 Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

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3 Financial risk management (Continued)

3.1 Market price risk (Continued)

All investments present a risk of loss of capital. The Manager moderates this risk through a diversified portfolio of investment and deliberate securities selection across different sectors in accordance with the investment objective of the Sub-Fund. The Sub-Fund will not invest in more than 10 per cent of the net asset value in the securities of a single issuer. The Manager monitors the risk on a regular basis and rebalances the portfolio of investment from time to time to reflect any change to the composition or the weighting.

The following table discloses the investments of the Sub-Fund by product type as at 31 December 2019

	2019
	HKD
Financial assets and liabilities at fair value through profit or loss	
Listed/quoted investments	
- Equities	254,398,563
- Exchange-traded funds	59,281,456
	<hr/>
	313,680,019
- Derivatives	
- Futures	1,004,681
	<hr/>
	<u>314,684,700</u>

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3 Financial risk management (Continued)

3.1 Market price risk (Continued)

The following table discloses the equities and exchange-traded funds portfolio investments of the Sub-Fund by geographical sectors as at 31 December 2019:

	2019	
	Fair value of investment HKD	% of net asset Value
Listed equities		
Hong Kong	179,644,391	52.59%
China	48,206,884	14.11%
United States	26,547,288	7.77%
	<hr/> 254,398,563	<hr/> 74.47%
	-----	-----
Exchange-traded funds		
Hong Kong	18,717,575	5.48%
United States	40,563,881	11.87%
	<hr/> 59,281,456	<hr/> 17.35%
	-----	-----
Sub-total	<hr/> 313,680,019	<hr/> 91.82%
	-----	-----
Futures		
Hong Kong	(403,645)	(0.12%)
Singapore	87,582	0.03%
United States	1,320,744	0.39%
	<hr/> 1,004,681	<hr/> 0.30%
	-----	-----
Total	<hr/> 314,684,700	<hr/> 92.12%
	=====	=====

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3 Financial risk management (Continued)

3.1 Market price risk (Continued)

The following table discloses the equities portfolio investments of the Sub-Fund by industrial sectors as at 31 December 2019:

	2019	
	Fair value of investment HKD	% of net asset value
Listed equities		
Consumer discretionary	94,868,167	27.77%
Consumer staples	28,014,761	8.20%
Energy	2,572,780	0.75%
Financials	46,587,374	13.64%
Health care	23,303,465	6.82%
Industrials	11,774,700	3.45%
Information technology	15,838,126	4.64%
Real estate	18,148,550	5.31%
Telecommunication services	13,290,640	3.89%
	<u>254,398,563</u>	<u>74.47%</u>

As at 31 December 2019, there was no investment in a single issuer of more than 10% of net asset value of the Sub-Fund.

Market price risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Sub-Fund might suffer through holding market positions in the face of unfavourable price movements. In seeking to achieve the long-term capital appreciation investment objective of the Sub-Fund, the Manager adopts its value investing approach and will not be restricted by any particular benchmark index in the selection of securities and construction of the Sub-Fund's portfolio.

The table below summarises the sensitivity of the Sub-Fund's investment portfolio to the benchmark index, Hang Seng Index. The analysis is based on the assumptions that the benchmark index increased/decreased with all other variables held constant and that the Sub-Fund's investment portfolio moved according to their historical correlation with the Hang Seng index. The Manager does not manage price risk with reference to any market index. The benchmark index used below is for guidance and performance comparison only. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

	Estimated changes in %	Effect on investment portfolio and on profit/(loss) for the period HK\$
	+/-	+/-
As at 31 December 2019		
Hang Seng Index	15.60	31,559,442

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3 Financial risk management (Continued)

3.1 Market price risk (Continued)

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative.

3.2 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.

As the Sub-Fund has no significant interest-bearing financial assets apart from bank balances and margin deposits, the Sub-Fund's income and operating cash flow are substantially independent of changes in market interest rates and Management currently considers the Sub-Fund's exposure to interest rate risk to be insignificant. All cash and cash equivalents and margin deposits are short-term with maturity less than three months. Receivables and payables are interest-free and have settlement date less than 1 year.

As at 31 December 2019, the Sub-Fund had cash and cash equivalents of HK\$16,436,322 and margin deposits of HK\$17,208,000. If interest rates had been 10 basis points higher or lower with all other variables held constant, total comprehensive income would have been HK\$33,644 higher or lower as at 31 December 2019.

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3 Financial risk management (Continued)

3.3 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund has assets and liabilities denominated in currencies other than HKD, the Sub-Fund's functional and presentation currency. The Sub-Fund is therefore exposed to currency risk, as the value of the assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The Sub-Fund has net financial assets of HK\$70,771,448 denominated in United States dollars, which is pegged to the HKD and hence, the Sub-Fund does not consider its currency risk related to United States dollars to be significant.

The Sub-Fund has financial assets of HK\$53,304,535 denominated in Chinese Yuan ("CNY"). At 31 December 2019, if HKD had weakened/strengthened by 5% against CNY with all other variable held constant, the pre-tax profit for the period would have been approximately HK\$2,665,227 higher/lower, respectively, mainly as a result of foreign exchange gains/losses on revaluation. At 31 December 2019, the Sub-Fund has invested in futures contracts with long positions in USD and short positions in CNH with the exposure in notional amount of HK\$50,026,467 for hedging purpose.

3.4 Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

The Sub-Fund is exposed to credit and counterparty risk on dividend receivables, amounts due from brokers, margin deposits, and bank balances.

The Sub-Fund limits its exposure to credit risk by transacting the majority of its investments and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings and that the Trustee and the Manager consider to be well established.

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2019, all dividend receivables, amounts due from brokers, margin deposits, and bank balances are held with counterparties with a credit rating of A- or higher and/or are due to be settled within 1 month. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

All transactions in listed securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is made only when the custodian has received payment. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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3 Financial risk management (Continued)

3.4 Credit and counterparty risk (Continued)

The table below summarises the exposures to the Sub-Fund's counterparty as at 31 December 2019 together with its credit rating:

At 31 December 2019	HKD	Credit rating	Source of credit rating
Financial assets at fair value through profit or loss and derivatives			
Bank of China (Hong Kong) Limited	313,680,019	A+	Standard & Poor's
Morgan Stanley & Co. International PLC	822,699	A+	Standard & Poor's
Goldman Sachs International	181,982	A+	Standard & Poor's
Amounts due from brokers			
Morgan Stanley & Co. International PLC	10,989,197	A+	Standard & Poor's
Margin deposits			
Morgan Stanley & Co. International PLC	6,266,079	A+	Standard & Poor's
Goldman Sachs International	10,941,921	A+	Standard & Poor's
Cash and cash equivalents			
Bank of China (Hong Kong) Limited	16,436,322	A+	Standard & Poor's

The maximum exposure to credit risk as at 31 December 2019 is the carrying amount of the financial assets as shown on the statement of net assets. The Manager considers that none of these assets are impaired nor past due but not impaired.

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3 Financial risk management (Continued)

3.5 Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Fund is exposed to daily cash redemption from unitholders. In accordance with the Explanatory Memorandum, with a view to protecting the interests of all unitholders, the Manager may, with the approval of the Trustee, limit the number of units redeemed on any redemption day (whether by sale to the Manager or by cancellation of units) to 10% of the total number of units in issue.

The Manager manages liquidity risk by maintaining sufficient cash and marketable securities to meet the normal operating commitments. Cash and cash equivalents have maturity of less than three months and the majority of the Sub-Fund's investments are traded in active markets and can be readily disposed of.

The table below analyses the Sub-Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	2019
	Less than
	3 months
	HKD
Management fee payable	444,298
Performance fee payable	5,005,342
Trustee fee payable	44,430
Amounts due to brokers	11,181,703
Amounts payable on redemption of units	249,230
Other payables and accruals	815,846
	<hr/>
	17,740,849
	<hr/> <hr/>

As at 31 December 2019, the total assets of the Sub-Fund amounted to HK\$359,930,801. The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 1 month or less.

At 31 December 2019, 2 unitholders held 80% and 20% of the Sub-Fund's units on nominee basis respectively.

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3 Financial risk management (Continued)

3.6 Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 December 2019, the Sub-Fund was subject to master netting arrangements for the derivative assets and liabilities of the Sub-Fund held with these counterparties. The margin balance maintained by the Sub-Fund is for the purposes of providing collateral on derivative positions.

The following table presents the Sub-Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The table is presented by type of financial instrument.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C=A-B	D		E=C-D
				Related amounts not set-off in the statement of financial position		Net amount
				D(i)	D(ii)	
				Financial instruments	Cash collateral	
	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position			
	HKD	HKD	HKD	HKD	HKD	HKD
As at 31 December 2019						
Derivatives	1,578,426	-	1,578,426	-	-	1,578,426
Margin deposits	17,208,000	-	17,208,000	573,745	-	16,634,255
	<u>18,786,426</u>	<u>-</u>	<u>18,786,426</u>	<u>573,745</u>	<u>-</u>	<u>18,212,681</u>

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3 Financial risk management (Continued)

3.6 Offsetting and amounts subject to master netting arrangements and similar agreements (Continued)

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements:

	A	B	C=A-B	D		E=C-D Net amount
				Related amounts not set-off in the statement of financial position D(i)	Cash collateral D(ii)	
	Gross amounts of recognised financial liabilities HKD	Gross amounts of recognised financial assets set-off in the statement of financial position HKD	Net amounts of financial liabilities presented in the statement of financial position HKD	Financial instruments HKD	Cash collateral HKD	HKD
As at 31 December 2019						
Derivatives	573,745	-	573,745	573,745	-	-
	<u>573,745</u>	<u>-</u>	<u>573,745</u>	<u>573,745</u>	<u>-</u>	<u>-</u>

Amount in D(i) and D(ii) above relate to amounts to set-off that do not qualify for offsetting under (B) above. This includes (i) amounts which are subject to setoff against the asset (or liability) disclosed in (A) which have not been offset in the statement of financial position and (ii) any financial collateral (including cash collateral), both received and pledged.

The Sub-Fund and its counterparties have elected to settle all transactions on a gross basis. However, each party has the option to settle all open contracts on a net basis in the event of default of the other party. Per the terms of the master netting agreement, an event of default includes the following:

- failure by a party to make payment when due;
- bankruptcy.

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3 Financial risk management (Continued)

3.7 Fair value estimation

The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the period end date. The Sub-Fund adopted IFRS 13, 'Fair value measurement', and utilises the last traded market price for both financial assets and financial liabilities.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Sub-Fund for similar financial instruments.

IFRS 13 requires the Sub-Fund to 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).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Sub-Fund. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

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3 Financial risk management (Continued)

3.7 Fair value estimation (Continued)

The following tables analyse within the fair value hierarchy the Sub-Fund's investments at 31 December 2019:

As at 31 December 2019	Level 1 HKD	Level 2 HKD	Level 3 HKD	Total HKD
Assets				
Financial assets at fair value through profit or loss				
Listed equities	254,398,563	-	-	254,398,563
Exchange-traded funds	59,281,456	-	-	59,281,456
	<u>313,680,019</u>	<u>-</u>	<u>-</u>	<u>313,680,019</u>
Derivatives				
Futures	1,578,426	-	-	1,578,426
	<u>315,258,445</u>	<u>-</u>	<u>-</u>	<u>315,258,445</u>
Liabilities				
Derivatives				
Futures	573,745	-	-	573,745
	<u>573,745</u>	<u>-</u>	<u>-</u>	<u>573,745</u>

The investments classified in level 1 were fair valued based on quoted market price in an active market.

Investments that trade in markets that are not considered to be active and are priced by the market maker supported by observable inputs are classified within level 2.

Investments that trade in markets that are not considered to be active and are priced by the market maker based on unobservable inputs are classified within level 3.

The Sub-Fund did not invest in any level 2 or level 3 investments during the period from 2 January 2019 (date of commencement of operations) to 31 December 2019.

There were no transfers between levels during the period from 2 January 2019 (date of commencement of operations) to 31 December 2019.

The assets and liabilities included in the statement of net assets, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost; their carrying values are a reasonable approximation of fair value. There are no other assets or liabilities not at fair value but for which fair value is disclosed.

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3 Financial risk management (Continued)

3.8 Capital risk management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis, as the Sub-Fund is subject to daily subscriptions and redemptions at the discretion of unitholders, as well as changes resulting from the Sub-Fund's performance. The Sub-Fund strives to invest the subscriptions in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

In order to maintain or adjust the capital structure, the Sub-Fund's policy is to perform the following:

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the Trust Deed of the Sub-Fund.

The Trustee and Manager monitor capital on the basis of the value of net assets attributable to unitholders.

4 Significant accounting judgements and estimates

The preparation of the Sub-Fund's financial statements requires management to make judgments, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Fair value of unlisted investments

As at 31 December 2019, the Sub-Fund held a number of derivatives that were valued by reference to broker quotes. In determining the fair value of such investments, the Trustee and the Manager exercise judgments and estimates on the sources of brokers and the quantity and quality of broker quotes used. Such broker quotes adopted to fair value the investments may be indicative and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded as of 31 December 2019.

Actual transacted prices may differ from the broker quotes provided by the brokers. The Trustee and the Manager consider that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value of those unlisted investments.

Functional currency

The primary objective of the Sub-Fund is to generate returns in HK\$, its capital-rising currency. The liquidity of the Sub-Fund is managed on a day-to-day basis in HK\$ in order to handle the issue, acquisition and resale of the Sub-Fund's redeemable units. The Sub-Fund's performance is evaluated in HK\$. Therefore, management considers HK\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

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5 Financial instruments by category

Financial assets

Apart from financial assets at fair value through profit or loss and derivatives which are classified as financial assets at fair value through profit or loss, all other financial assets as disclosed in the statement of net assets, including dividend receivable, amounts due from brokers, margin deposits, and bank balances, are categorised as “financial assets at amortised cost”.

Financial liabilities

Apart from derivatives which is classified as financial liabilities at fair value through profit or loss, all other financial liabilities as disclosed in the statement of financial position, including management fee payable, trustee fee payable, amounts due to brokers, performance fee payable, other payables and accruals, and amounts payable on redemption of units, are categorised as “financial liabilities at amortised cost”.

6. Derivatives

The Sub-Fund holds the following derivative financial instrument:

Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities; changes in the futures contracts' value are settled daily with the exchange. Futures are settled on a net basis.

As at 31 December 2019, the Sub-Fund held futures as shown below:

Futures	Contract size	Notional value HKD	Position	Fair value HKD
Financial assets				
HANG SENG CHINA ENTERPRISES INDEX FUTURE JAN2020	25	14,013,750	Long	170,100
GOLD 100 OZ FUTURE FEB2020	29	34,417,186	Long	1,320,744
SGX FTSE CHINA A50 INDEX FUTURE JAN2020	55	6,175,550	Long	87,582
				1,578,426
Financial liabilities				
USD/CNH FUTURE MAR2020	64	50,026,467	Long	(498,045)
HANG SENG INDEX FUTURE JAN2020	30	42,405,000	Long	(75,700)
				(573,745)

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7. Unconsolidated structured entities

Unconsolidated structured entities consist of investments in Investee Funds which are subject to the terms and conditions of the respective Investee Funds' offering documents and are susceptible to market price risk arising from uncertainties about future values of those structured entities. The Manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager.

The Sub-Fund's holding in Investee Funds, as a percentage of the respective structured entity's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at structured entities level. It is possible that the Sub-Fund may, at any point in time, hold a majority of a structured entity's total shares in issue.

The table below summaries the Sub-Fund's holdings in Investee Funds as at 31 December 2019:

Investee Funds	Fund Manager	Place of incorporation	Dealing frequency	% of net asset value of the Investee Funds as at 31 December 2019
CHINAAMC CSI 300 INDEX ETF	China Asset Management (Hong Kong) Limited	Hong Kong	Daily	0.085%
TRACKER FUND OF HONG KONG	State Street Global Advisors Asia Limited	Hong Kong	Daily	0.007%
DIREXION DAILY GOLD MINERS BULL 3X SHARES	Direxion Shares ETF Trust	United States	Daily	0.035%
DIREXION DAILY SEMICONDUCTORS BULL 3X SHARES	Direxion Shares ETF Trust	United States	Daily	0.034%
PROSHARES ULTRA S&P500	ProShares Trust	United States	Daily	0.046%
PROSHARES ULTRAPRO QQQ	ProShares Trust	United States	Daily	0.024%
PROSHARES ULTRAPRO S&P 500	ProShares Trust	United States	Daily	0.022%

Movements in the fair value of the Investee Funds' portfolio and corresponding movements in the fair value of the Investee Funds may expose the Sub-Fund to a loss. The Sub-Fund's maximum exposure to loss from its interests in structured entities is equal to the total fair value of its investments in structured entities. Once the Sub-Fund has disposed of its shares in a structured entity, the Sub-Fund ceases to be exposed to any risk from that structured entity.

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7. Unconsolidated structured entities (Continued)

The exposure to investments in Investee Funds at fair value is disclosed in the following table. These investments are included in financial assets at fair value through profit or loss in the statement of financial position.

As at 31 December 2019	Fair value HKD	% of net assets
CHINAAMC CSI 300 INDEX ETF	12,017,600	3.52%
TRACKER FUND OF HONG KONG	6,699,975	1.96%
DIREXION DAILY GOLD MINERS BULL 3X SHARES	8,117,051	2.38%
DIREXION DAILY SEMICONDUCTORS BULL 3X SHARES	5,434,867	1.59%
PROSHARES ULTRA S&P500	9,755,366	2.86%
PROSHARES ULTRAPRO QQQ	13,383,420	3.91%
PROSHARES ULTRAPRO S&P 500	3,873,177	1.13%
	<u>59,281,456</u>	<u>17.35%</u>

As at 31 December 2019 there were no capital commitment obligations and no amounts due to structured entities for unsettled purchases.

During the period ended 31 December 2019, total unrealised gain of HK\$6,877,247 and realised gain of HK\$385,131 were incurred on investments in Investee Funds during the period ended 31 December 2019.

8. Margin deposits

Margin accounts represent margin deposits held in respect of open exchange-traded futures contracts. As at 31 December 2019, the Sub-Fund held margin deposits of HK\$6,266,079 in Morgan Stanley & Co. International PLC of which HK\$4,976,495 is restricted; and HK\$10,941,921 in Goldman Sachs International of which HK\$4,587,238 is restricted.

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Notes to the Financial Statements

9. Number of units in issue and net assets attributable to unitholders per unit

The Sub-Fund has issued one class of shares. The number of units in issue of the Sub-Fund is classified as equity. The units of the Sub-Fund have no par value. All issued redeemable units are fully paid.

	2019 Units
As at 2 January 2019 (date of commencement of operation)	-
Subscriptions during the period	3,164,806.5712
Redemption during the period	(36,140.6725)
At the end of the period	<u>3,128,665.8987</u>

Unitholders who wish to subscribe or redeem their units in the Sub-Fund may do on and dealing day which is (a) any business day, except any business day, determined at the Manager's discretion, on which any exchange or market on which a substantial portion of the Sub-Fund's investments is traded is closed or on which dealings are restricted or suspended; or (b) such other day as the Manager may determine from time to time with the approval of the Trustee.

In addition, each class of units is subjected to HKD100 minimum initial and subsequent subscription amounts and holding amounts, and minimum redemption and switching amounts.

	As at 31 December 2019 HKD
Net assets attributable to unitholders per unit (per statement of financial position)	<u>109.1891</u>

Establishment costs are expensed as incurred. However, in accordance with the provisions of the Explanatory Memorandum, establishment costs are recognised using the amortisation method. As at 31 December 2019, the expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of HK\$744,506 when compared with the methodology indicated in the Explanatory Memorandum.

	As at 31 December 2019 HKD
Net assets attributable to unitholders as reported in the statement of financial position	341,616,207
Adjustments for unamortised establishment costs	744,506
Net asset value in accordance with the Explanatory Memorandum	<u>342,360,713</u>
Net assets attributable to unitholders per unit (per dealing net asset value)	<u>109.4271</u>

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10. Taxation

(a) Hong Kong

The Sub-Fund is exempted from Hong Kong profit tax on profits arising from authorised activities under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance. No Hong Kong profits tax has been provided as the Sub-Fund is exempted from Hong Kong profits tax.

(b) China

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

The Sub-Fund invests in various derivative instruments linked to "A" shares of companies listed in China and in "A" shares through Stock Connect. Prior to 17 November 2014, a 10% tax was withheld by the relevant Qualified Foreign Institutional Investors ("QFIIs") on all China sourced dividends and realised capital gains. With effect from 17 November 2014, a 10% tax is only withheld on all China sourced dividend income only.

(c) Other jurisdictions

Overseas withholding tax was charged on certain dividend and investment income received during the period.

11. Transactions with related parties and connected persons of the Manager

The Sub-Fund had the following related parties transactions with the Trustee and the Manager and the connected persons of the Manager. Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the SFC. All transactions with related parties and connected persons were entered into in the ordinary course of business and on normal commercial terms.

(a) As at 31 December 2019, the Sub-Fund placed bank deposits amounted to HK\$16,436,322 with Bank of China (Hong Kong) Limited, a related company of the Trustee and Registrar. For the period from 2 January 2019 (date of commencement of operations) to 31 December 2019, bank interest income amounted to HK\$35,545 has been earned by the Sub-Fund.

(b) Trustee fee is charged by the Trustee of the Sub-Fund. Trustee fee can be charged up to 0.5% per annum of the Net Asset Value of the Sub-Fund, subject to a monthly minimum fee of HK\$40,000. During the period from 2 January 2019 (date of commencement of operations) to 31 December 2019, trustee fee amounting to HK\$495,655 was paid to the Trustee of the Sub-Fund. As at 31 December 2019, trustee fee payable amounted to HK\$44,430.

(c) Management fee is charged by the Manager of the Sub-Fund. Management fee is calculated at 1.5% of the net asset value of the Sub-Fund. The management fee is accrued as at each valuation day and will be payable monthly in arrears. During the period from 2 January 2019 (date of commencement of operations) to 31 December 2019, management fee amounting to HK\$4,852,536 was charged by the Manager of the Sub-Fund. As at 31 December 2019, management fee payable amounted to HK\$444,298.

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11. Transactions with related parties and connected persons of the Manager (Continued)

- (d) Performance fee is charged by the Manager of the Sub-Fund. Performance fee is calculated at 15% by which the increase in total of net asset value per unit during the relevant performance period of the Sub-Fund in excess of the High Water Mark. High Water Mark is the higher of initial subscription price and the net asset value per unit as at the end of any previous performance period in respect of a performance fee was paid. The performance fee is accrued as at each valuation day and will be payable annually. During the period from 2 January 2019 (date of commencement of operations) to 31 December 2019, performance fee amounting to HK\$5,057,156 was charged by the Manager of the Sub-Fund. As at 31 December 2019, performance fee payable amounted to HK\$5,005,342.
- (e) During the period from 2 January 2019 (date of commencement of operations) to 31 December 2019, transaction handling fees on purchases and sales of investments, amounting to HK\$201,250, were charged by the Trustee.
- (f) During the period from 2 January 2019 (date of commencement of operations) to 31 December 2019, custodian fee and transaction fees amounted to HK\$166,528 and HK\$234,198 respectively were charged by the Trustee.
- (g) Investment transactions with connected persons of the Manager

	Aggregate value of purchases and sales of securities HKD	Total commission paid HKD	% of Sub-Fund's total transactions during the year %	Average commission rate %
Centaline Securities Limited	77,931,494	35,069	2.3%	0.045%

(h) Holdings in the Sub-Fund

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund. As at 31 December 2019, the holdings in the Sub-Fund by the Manager and its connected persons was as follow:

	Number of units
Manager	
As at 2 January 2019 (date of commencement of operations)	-
Units subscribed during the period	1,000
As at 31 December 2019	1,000
A connected person of the Manager	
As at 2 January 2019 (date of commencement of operations)	-
Units subscribed during the period	250,000
As at 31 December 2019	250,000

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12. Soft commission arrangement

The Manager has not entered into soft commission with brokers, under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers in consideration of transactions of the Sub-Fund directed to the brokers. These may include, for example, research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services.

The Manager has not participated in any soft commission arrangements in respect of any transactions made for the Sub-Fund.

13. Events after the reporting period

The Sub-Fund has approved to launch two additional classes of shares on 2 January 2020:

- Class A HKD (Distribution) Units
- Class A RMB (Accumulation) Units

14. Approval of the financial statements

The financial statements were approved and authorised for issue by Trustee and the Manager on 24 April 2020.

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	Holdings	Market value HKD	% of net assets HKD
Listed equity securities - China			
FOSHAN HAITIAN FLAVOURING & FOOD CO LTD-A	50,700	6,098,852	1.78%
GREE ELECTRIC APPLIANCES INC-A	137,328	10,076,780	2.95%
JIANGSU HENGRUI MEDICINE CO LTD-A	91,100	8,921,070	2.61%
KWEICHOW MOUTAI CO LTD-A	12,300	16,281,002	4.77%
LUXSHARE PRECISION INDUSTRY CO LTD-A	84,162	3,437,163	1.01%
WULIANGYE YIBIN CO LTD-A	22,792	3,392,017	0.99%
		<u>48,206,884</u>	<u>14.11%</u>
Listed equity securities - Hong Kong			
AIA GROUP LTD	177,800	14,544,040	4.26%
ALIBABA GROUP HLDG LTD	31,100	6,443,920	1.89%
ALIBABA HEALTH INFORMATION TECHNOLOGY LTD	226,410	2,037,690	0.60%
A-LIVING SERVICES CO LTD-H	63,000	1,694,700	0.50%
ANTA SPORTS PRODUCTS LTD	163,000	11,369,250	3.33%
BRILLIANCE CHINA AUTOMOTIVE HLDGS LTD	1,192,000	9,631,360	2.82%
CHINA MOBILE LTD	106,000	6,943,000	2.03%
CHINA RESOURCES LAND LTD	217,000	8,419,600	2.46%
CITIC SECURITIES CO LTD-H	550,500	9,787,890	2.86%
COUNTRY GARDEN SERVICES HLDGS CO LTD	384,000	10,080,000	2.95%
GEELY AUTOMOBILE HLDGS LTD	50,000	762,000	0.22%
HONG KONG EXCHANGES & CLEARING LTD	38	9,614	0.00%
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	443,000	2,658,000	0.78%
KOOLEARN TECHNOLOGY HLDG LTD	89,000	1,655,400	0.48%
L'OCCITANE INTL SA	121,500	2,242,890	0.66%
MEITUAN DIANPING-CLASS B	125,300	12,768,070	3.74%
PETROCHINA CO LTD-H	658,000	2,572,780	0.75%
PING AN HEALTHCARE AND TECHNOLOGY CO LTD	37,300	2,120,505	0.62%
PING AN INSURANCE GROUP CO OF CHINA LTD-H	150,500	13,861,050	4.06%
Q TECHNOLOGY GROUP CO LTD	335,000	4,321,500	1.26%
SEMICONDUCTOR MANUFACTURING INTL CORP	738,500	8,817,690	2.58%
SINO BIOPHARMACEUTICAL LTD	938,000	10,224,200	2.99%
SUNAC CHINA HLDGS LTD	209,000	9,728,950	2.85%
TENCENT HLDGS LTD	16,900	6,347,640	1.86%
XIAOMI CORP-CLASS B SHARE	332,400	3,583,272	1.05%
ZHONGAN ONLINE P & C INSURANCE CO LTD-H	203,800	5,726,780	1.68%
ZHONGSHENG GROUP HLDGS LTD	354,000	11,292,600	3.31%
		<u>179,644,391</u>	<u>52.59%</u>

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Investment Portfolio (Unaudited) – (continued)
As at 31 December 2019

	Holdings	Market value HKD	% of net assets HKD
Listed equity securities – United States			
ALIBABA GROUP HLDG LTD-SPONSORED ADR	8,587	14,191,591	4.15%
JD.COM INC-ADR	27,600	7,576,536	2.22%
PINDUODUO INC-SPONSORED ADR	10,100	2,976,404	0.87%
TAL EDUCATION GROUP-ADR	4,800	1,802,757	0.53%
		<u>26,547,288</u>	<u>7.77%</u>
Exchange-traded funds – Hong Kong			
CHINAAMC CSI 300 INDEX ETF	259,000	12,017,600	3.52%
TRACKER FUND OF HONG KONG	235,500	6,699,975	1.96%
		<u>18,717,575</u>	<u>5.48%</u>
Exchange-traded funds – United States			
DIREXION DAILY GOLD MINERS BULL 3X SHARES	29,900	8,117,051	2.38%
DIREXION DAILY SEMICONDUCTORS BULL 3X SHARES	2,538	5,434,867	1.59%
PROSHARES ULTRA S&P500	8,300	9,755,366	2.86%
PROSHARES ULTRAPRO QQQ	19,845	13,383,420	3.91%
PROSHARES ULTRAPRO S&P 500	7,100	3,873,177	1.13%
		<u>40,563,881</u>	<u>11.87%</u>
Futures – Hong Kong			
HANG SENG CHINA ENTERPRISES INDEX FUTURE JAN2020	25	170,100	0.05%
		<u>170,100</u>	<u>0.05%</u>
Futures – United States			
GOLD 100 OZ FUTURE FEB2020	29	1,320,744	0.39%
Futures – Singapore			
SGX FTSE CHINA A50 INDEX FUTURE JAN2020	55	87,582	0.03%
Total financial assets at fair value through profit or loss		<u>315,258,445</u>	<u>92.29%</u>

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	Contract size	Market value HKD Market value HKD	% of net assets HKD % of net assets HKD
Futures – Hong Kong			
USD/CNH FUTURE MAR2020	64	(498,045)	-0.15%
HANG SENG INDEX FUTURE JAN2020	30	(75,700)	-0.02%
		<u>(573,745)</u>	<u>-0.17%</u>
Total financial assets and liabilities at fair value through profit or loss		314,684,700	92.12%
Other net assets		26,931,507	7.88%
Total net assets		<u>341,616,207</u>	<u>100.00%</u>
Total financial assets at fair value through profit or loss at cost		<u>271,044,048</u>	

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

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	<u>Movement in holdings</u>		At 31 December 2019
	Additions	Disposals	
Listed equity securities – China			
BAOSHAN IRON & STEEL CO LTD-A	168,000	(168,000)	-
CHINA INTL TRAVEL SERVICE CORP LTD-A	20,800	(20,800)	-
FOSHAN HAITIAN FLAVOURING & FOOD CO LTD-A	100,400	(49,700)	50,700
GREE ELECTRIC APPLIANCES INC-A	218,428	(81,100)	137,328
HAIER SMART HOME CO LTD-A	58,700	(58,700)	-
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD-A	191,600	(191,600)	-
JIANGSU HENGRUI MEDICINE CO LTD-A	236,544	(145,444)	91,100
KWEICHOW MOUTAI CO LTD-A	16,400	(4,100)	12,300
LUXSHARE PRECISION INDUSTRY CO LTD-A	293,622	(209,460)	84,162
MIDEA GROUP CO LTD-A	140,000	(140,000)	-
S F HLDG CO LTD-A	36,055	(36,055)	-
SHANGHAI INTL AIRPORT CO LTD-A	124,363	(124,363)	-
SHENZHEN AIRPORT CO LTD-A	413,100	(413,100)	-
WULIANGYE YIBIN CO LTD-A	58,392	(35,600)	22,792
XIAMEN COMFORT SCIENCE & TECH GROUP CO LTD-A	63,380	(63,380)	-
Listed equity securities – Hong Kong			
AAC TECHNOLOGIES HLDGS INC	61,500	(61,500)	-
AIA GROUP LTD	346,800	(169,000)	177,800
ALIBABA GROUP HLDG LTD	31,100	-	31,100
ALIBABA HEALTH INFORMATION TECHNOLOGY LTD	724,410	(498,000)	226,410
A-LIVING SERVICES CO LTD-H	195,250	(132,250)	63,000
ANGANG STEEL CO LTD-H	108,000	(108,000)	-
ANHUI CONCH CEMENT CO LTD-H	31,000	(31,000)	-
ANTA SPORTS PRODUCTS LTD	251,000	(88,000)	163,000
BBMG CORP-H	532,000	(532,000)	-
BOC HONG KONG (HLDGS) LTD	36,500	(36,500)	-
BOSIDENG INTL HLDGS LTD	1,418,000	(1,418,000)	-
BRILLIANCE CHINA AUTOMOTIVE HLDGS LTD	1,922,000	(730,000)	1,192,000
BUDWEISER BREWING CO APAC LTD	254,400	(254,400)	-
BYD CO LTD-H	50,000	(50,000)	-
CAFE DE CORAL HLDGS LTD	134,000	(134,000)	-
CATIC SHENZHEN HLDGS LTD-H	192,000	(192,000)	-
CHINA AIRCRAFT LEASING GROUP HLDGS LTD	165,500	(165,500)	-
CHINA AOYUAN GROUP LTD	455,000	(455,000)	-
CHINA CONSTRUCTION BANK CORP-H	1,223,000	(1,223,000)	-
CHINA EDUCATION GROUP HLDGS LTD	207,000	(207,000)	-
CHINA EVERGRANDE GROUP	246,000	(246,000)	-
CHINA GALAXY SECURITIES CO LTD-H	306,500	(306,500)	-
CHINA GAS HLDGS LTD	73,800	(73,800)	-

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	Movement in holdings		At 31 December 2019
	Additions	Disposals	
Listed equity securities – Hong Kong			
CHINA INTL CAPITAL CORP LTD-H	578,400	(578,400)	-
CHINA JINMAO HLDGS GROUP LTD	1,342,000	(1,342,000)	-
CHINA LIFE INSURANCE CO LTD-H	141,000	(141,000)	-
CHINA LITERATURE LTD	187,400	(187,400)	-
CHINA MEDICAL SYSTEM HLDGS LTD	104,000	(104,000)	-
CHINA MENGNIU DAIRY CO LTD	272,000	(272,000)	-
CHINA MOBILE LTD	205,500	(99,500)	106,000
CHINA MODERN DAIRY HLDGS LTD	3,223,000	(3,223,000)	-
CHINA MOLYBDENUM CO LTD-H	867,000	(867,000)	-
CHINA NATIONAL BUILDING MATERIAL CO LTD-H	220,000	(220,000)	-
CHINA OVERSEAS PROPERTY HLDGS LTD	1,366,000	(1,366,000)	-
CHINA RAILWAY GROUP LTD-H	198,000	(198,000)	-
CHINA RESOURCES BEER HLDGS CO LTD	468,000	(468,000)	-
CHINA RESOURCES GAS GROUP LTD	18,000	(18,000)	-
CHINA RESOURCES LAND LTD	431,000	(214,000)	217,000
CHINA RESOURCES POWER HLDGS CO	912,000	(912,000)	-
CHINA SHENHUA ENERGY CO LTD-H	366,000	(366,000)	-
CHINA SOUTHERN AIRLINES CO LTD-H	1,170,000	(1,170,000)	-
CHINA TOWER CORP LTD-H	8,686,000	(8,686,000)	-
CHINA UNICOM (HONG KONG) LTD	886,000	(886,000)	-
CHINA VANKE CO LTD-H	106,500	(106,500)	-
CHINAAMC CSI 300 INDEX ETF	913,800	(654,800)	259,000
CHOW TAI FOOK JEWELLERY GROUP LTD	990,400	(990,400)	-
CIFI HLDGS GROUP CO LTD	276,000	(276,000)	-
CITIC SECURITIES CO LTD-H	1,583,000	(1,032,500)	550,500
CK ASSET HLDGS LTD	82,000	(82,000)	-
CK HUTCHISON HLDGS LTD	90,000	(90,000)	-
CLP HLDGS LTD	114,500	(114,500)	-
CNOOC LTD	440,000	(440,000)	-
COUNTRY GARDEN HLDGS CO LTD	2,475,000	(2,475,000)	-
COUNTRY GARDEN SERVICES HLDGS CO LTD	864,000	(480,000)	384,000
CRRC CORP LTD-H	660,000	(660,000)	-
CSC FINANCIAL CO LTD-H	294,500	(294,500)	-
CSOP FTSE CHINA A50 ETF-HKD	1,358,400	(1,358,400)	-
CSOP HANG SENG INDEX DAILY (2X) LEVERAGED PRODUCT	1,497,900	(1,497,900)	-
CSOP SZSE CHINEXT ETF-HKD	1,260,800	(1,260,800)	-
CSPC PHARMACEUTICAL GROUP LTD	802,000	(802,000)	-
GALAXY ENTERTAINMENT GROUP LTD	217,000	(217,000)	-
GEELY AUTOMOBILE HLDGS LTD	955,000	(905,000)	50,000
GF SECURITIES CO LTD-H	25,000	(25,000)	-

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	Movement in holdings		At 31 December 2019
	Additions	Disposals	
Listed equity securities – Hong Kong			
GREENTOWN CHINA HLDGS LTD	207,000	(207,000)	-
GUANGDONG INVESTMENT LTD	612,000	(612,000)	-
GUANGZHOU AUTOMOBILE GROUP CO LTD-H	306,000	(306,000)	-
GUANGZHOU R&F PROPERTIES CO LTD-H	91,200	(91,200)	-
HAIDILAO INTL HLDG LTD	411,000	(411,000)	-
HAIER ELECTRONICS GROUP CO LTD	230,000	(230,000)	-
HANG SENG BANK LTD	15,500	(15,500)	-
HANSOH PHARMACEUTICAL GROUP CO LTD	280,000	(280,000)	-
HARBIN ELECTRIC CO LTD-H	1,306,000	(1,306,000)	-
HENDERSON LAND DEVELOPMENT CO LTD	372,300	(372,300)	-
HK ELECTRIC INVESTMENTS AND HK ELECTRIC INVESTMENT LTD	852,500	(852,500)	-
HKT TRUST AND HKT LTD	552,000	(552,000)	-
HONG KONG & CHINA GAS CO LTD	784,500	(784,500)	-
HONG KONG EXCHANGES & CLEARING LTD	82,686	(82,648)	38
HONG KONG TELEVISION NETWORK LTD	214,000	(214,000)	-
HOPEWELL HLDGS LTD (ACQUIRED)	110,500	(110,500)	-
HSBC HLDGS PLC	80,400	(80,400)	-
HUA HONG SEMICONDUCTOR LTD	82,000	(82,000)	-
HUANENG RENEWABLES CORP LTD-H	2,392,000	(2,392,000)	-
HUATAI SECURITIES CO LTD-H	241,200	(241,200)	-
INDUSTRIAL & COMMERCIAL BK OF CHINA-H	2,103,536	(1,660,536)	443,000
INNOVENT BIOLOGICS INC (B)	224,500	(224,500)	-
JINXIN FERTILITY GROUP LTD	802,000	(802,000)	-
KINGBOARD LAMINATES HLDGS LTD	634,000	(634,000)	-
KINGDEE INTL SOFTWARE GROUP CO LTD	509,000	(509,000)	-
KINGSOFT CORP LTD	91,000	(91,000)	-
KOOLEARN TECHNOLOGY HLDG LTD	475,500	(386,500)	89,000
KUNLUN ENERGY CO LTD	80,000	(80,000)	-
LI NING CO LTD	121,500	(121,500)	-
LIFESTYLE INTL HLDGS LTD	108,000	(108,000)	-
LINK REAL ESTATE INVESTMENT TRUST	156,000	(156,000)	-
L'OCCITANE INTL SA	174,000	(52,500)	121,500
LOGAN PROPERTY HLDGS CO LTD	272,000	(272,000)	-
LONGFOR GROUP HLDGS LTD	62,500	(62,500)	-
MAANSHAN IRON & STEEL CO LTD-H	3,182,000	(3,182,000)	-
MEITU INC	947,500	(947,500)	-
MEITUAN DIANPING-CLASS B	378,900	(253,600)	125,300
MTR CORP LTD	300,854	(300,854)	-
NEW CHINA LIFE INSURANCE CO LTD-H	297,300	(297,300)	-
NINE DRAGONS PAPER HLDGS LTD	700,000	(700,000)	-

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	Movement in holdings		At 31 December 2019
	Additions	Disposals	
Listed equity securities – Hong Kong			
NISSIN FOODS CO LTD	666,000	(666,000)	-
NVC LIGHTING HLDGS LTD	3,030,000	(3,030,000)	-
NWS HLDGS LTD	319,000	(319,000)	-
PETROCHINA CO LTD-H	658,000	-	658,000
PICC PROPERTY & CASUALTY CO LTD-H	366,000	(366,000)	-
PING AN HEALTHCARE AND TECHNOLOGY CO LTD	150,100	(112,800)	37,300
PING AN INSURANCE GROUP CO OF CHINA LTD-H	322,000	(171,500)	150,500
POSTAL SAVINGS BANK OF CHINA CO LTD-H	308,000	(308,000)	-
POWER ASSETS HLDGS LTD	24,000	(24,000)	-
Q TECHNOLOGY GROUP CO LTD	528,000	(193,000)	335,000
RONSHINE CHINA HLDGS LTD	10,000	(10,000)	-
SEAZEN GROUP LTD	96,800	(96,800)	-
SEMICONDUCTOR MANUFACTURING INTL CORP	917,500	(179,000)	738,500
SHANDONG GOLD MINING CO LTD-H	491,050	(491,050)	-
SHENZHOU INTL GROUP HLDGS LTD	39,800	(39,800)	-
SHIMAO PROPERTY HLDGS LTD	129,500	(129,500)	-
SINO BIOPHARMACEUTICAL LTD	3,248,000	(2,310,000)	938,000
SKYWORTH GROUP LTD	2,428,000	(2,428,000)	-
SPDR GOLD TRUST	24,170	(24,170)	-
STANDARD CHARTERED PLC	61,100	(61,100)	-
SUN HUNG KAI PROPERTIES LTD	101,500	(101,500)	-
SUNAC CHINA HLDGS LTD	789,000	(580,000)	209,000
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	148,100	(148,100)	-
TECHTRONIC INDUSTRIES CO LTD	90,500	(90,500)	-
TENCENT HLDGS LTD	86,900	(70,000)	16,900
TIMES CHINA HLDGS LTD	416,000	(416,000)	-
TONGDA GROUP HLDGS LTD	1,300,000	(1,300,000)	-
TPV TECHNOLOGY LTD (DELISTED)	524,000	(524,000)	-
TRACKER FUND OF HONG KONG	1,061,000	(825,500)	235,500
TRULY INTL HLDGS LTD	1,126,000	(1,126,000)	-
VITASOY INTL HLDGS LTD	200,000	(200,000)	-
WH GROUP LTD	1,467,000	(1,467,000)	-
WHARF REAL ESTATE INVESTMENT CO LTD	48,000	(48,000)	-
WUXI APPTTEC CO LTD-H	18,900	(18,900)	-
WUXI BIOLOGICS CAYMAN INC	52,000	(52,000)	-
XIAOMI CORP-CLASS B SHARE	635,400	(303,000)	332,400
XINYI ENERGY HLDGS LTD	374,000	(374,000)	-
YANGTZE OPTICAL FIBRE AND CABLE JOINT STOCK LTD CO-H	55,500	(55,500)	-
YIHAI INTL HLDG LTD	45,000	(45,000)	-
ZHAOJIN MINING INDUSTRY CO LTD-H	1,262,000	(1,262,000)	-

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Statement of Movements in Investment (Unaudited) – (continued)
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	Movement in holdings		At 31 December 2019
	Additions	Disposals	
Listed equity securities – Hong Kong			
ZHONGAN ONLINE P & C INSURANCE CO LTD-H	339,500	(135,700)	203,800
ZHONGSHENG GROUP HLDGS LTD	791,000	(437,000)	354,000
ZIJIN MINING GROUP CO LTD-H	446,000	(446,000)	-
ZTE CORP-H	404,800	(404,800)	-
Listed equity securities – United States of America			
ADVANCED MICRO DEVICES INC	12,900	(12,900)	-
ALIBABA GROUP HLDG LTD-SPONSORED ADR	13,800	(5,213)	8,587
AMAZON.COM INC	430	(430)	-
APPLE INC	4,100	(4,100)	-
BEYOND MEAT INC	4,000	(4,000)	-
DIREXION DAILY CSI 300 CHINA A SHARE BULL 2X SHARES	50,200	(50,200)	-
DIREXION DAILY FTSE CHINA BULL 3X SHARES	16,800	(16,800)	-
DIREXION DAILY GOLD MINERS BULL 3X SHARES	38,900	(9,000)	29,900
DIREXION DAILY SEMICONDUCTORS BULL 3X SHARES	2,538	-	2,538
INTERCONTINENTAL EXCHANGE INC	4,900	(4,900)	-
ISHARES NORTH AMERICAN TECH-SOFTWARE ETF	2,300	(2,300)	-
JD.COM INC-ADR	27,600	-	27,600
LUCKIN COFFEE INC-SPONSORED ADR	20,800	(20,800)	-
MICROSOFT CORP	5,880	(5,880)	-
PINDUODUO INC-SPONSORED ADR	10,100	-	10,100
PROSHARES ULTRA S&P500	8,300	-	8,300
PROSHARES ULTRAPRO QQQ	33,704	(13,859)	19,845
PROSHARES ULTRAPRO S&P 500	7,100	-	7,100
PRUDENTIAL PLC-ADR	22,300	(22,300)	-
SHOPIFY INC-CL A	1,300	(1,300)	-
SPDR GOLD SHARES	12,400	(12,400)	-
TAL EDUCATION GROUP-ADR	27,700	(22,900)	4,800
TECHNOLOGY SELECT SECTOR SPDR FUND	6,600	(6,600)	-
TRIP.COM GROUP LTD-ADR	46,600	(46,600)	-
YUM CHINA HLDGS INC	18,900	(18,900)	-
Listed derivatives – futures and options			
CHINAAMC CSI 300 INDEX ETF MAY2019 CALL OPTION 48	36	(36)	-
CLP HLDGS LTD JUN2019 PUT OPTION 87.5	15	(15)	-
CSOP FTSE CHINA A50 ETF MAY2019 CALL OPTION 15	44	(44)	-

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	Movement in holdings		At 31 December 2019
	Additions	Disposals	
Listed derivatives – futures and options			
GOLD 100 OZ FUTURE DEC2019	29	(29)	-
GOLD 100 OZ FUTURE FEB2020	29	-	29
HANG SENG CHINA ENTERPRISES INDEX FUTURE APR2019	56	(56)	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE DEC2019	25	(25)	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE FEB2019	36	(36)	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE JAN2020	25	-	25
HANG SENG CHINA ENTERPRISES INDEX FUTURE MAR2019	60	(60)	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE MAY2019	48	(48)	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE NOV2019	25	(25)	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE OCT2019	8	(8)	-
HANG SENG CHINA ENTERPRISES INDEX FUTURE SEP2019	20	(20)	-
HANG SENG CHINA ENTERPRISES INDEX MAR2019 CALL OPTION 11600	100	(100)	-
HANG SENG INDEX 30OCT2019 CALL OPTION 26600	11	(11)	-
HANG SENG INDEX APR2019 CALL OPTION 30400	40	(40)	-
HANG SENG INDEX APR2019 PUT OPTION 27200	40	(40)	-
HANG SENG INDEX APR2019 PUT OPTION 27600	40	(40)	-
HANG SENG INDEX APR2019 PUT OPTION 27800	80	(80)	-
HANG SENG INDEX FEB2019 CALL OPTION 28200	36	(36)	-
HANG SENG INDEX FEB2019 PUT OPTION 27000	80	(80)	-
HANG SENG INDEX FUTURE APR2019	22	(22)	-
HANG SENG INDEX FUTURE DEC2019	30	(30)	-
HANG SENG INDEX FUTURE FEB2019	26	(26)	-
HANG SENG INDEX FUTURE JAN2020	30	-	30
HANG SENG INDEX FUTURE MAR2019	19	(19)	-
HANG SENG INDEX FUTURE MAY2019	46	(46)	-
HANG SENG INDEX FUTURE NOV2019	30	(30)	-
HANG SENG INDEX FUTURE OCT2019	22	(22)	-
HANG SENG INDEX JUL2019 CALL OPTION 27200	6	(6)	-
HANG SENG INDEX JUL2019 CALL OPTION 27400	54	(54)	-
HANG SENG INDEX JUL2019 CALL OPTION 29200	45	(45)	-
HANG SENG INDEX JUL2019 PUT OPTION 27800	45	(45)	-
HANG SENG INDEX JUN2019 CALL OPTION 28200	90	(90)	-
HANG SENG INDEX MAR2019 PUT OPTION 27200	30	(30)	-
HANG SENG INDEX MAY2019 CALL OPTION 28600	63	(63)	-
HANG SENG INDEX MAY2019 PUT OPTION 28000	8	(8)	-
HANG SENG INDEX MAY2019 PUT OPTION 28200	89	(89)	-
HANG SENG INDEX MAY2019 PUT OPTION 28400	7	(7)	-
HSBC HLDGS PLC JUN2019 CALL OPTION 70	200	(200)	-
S&P 500 EMINI FUTURE DEC2019	27	(27)	-
S&P 500 EMINI FUTURE SEP2019	35	(35)	-

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	Movement in holdings		At 31 December 2019
	Additions	Disposals	
Listed derivatives – futures and options			
SGX FTSE CHINA A50 INDEX FUTURE APR2019	360	(360)	-
SGX FTSE CHINA A50 INDEX FUTURE AUG2019	196	(196)	-
SGX FTSE CHINA A50 INDEX FUTURE DEC2019	30	(30)	-
SGX FTSE CHINA A50 INDEX FUTURE FEB2019	310	(310)	-
SGX FTSE CHINA A50 INDEX FUTURE JAN2020	55	-	55
SGX FTSE CHINA A50 INDEX FUTURE JUL2019	130	(130)	-
SGX FTSE CHINA A50 INDEX FUTURE MAR2019	180	(180)	-
SGX FTSE CHINA A50 INDEX FUTURE MAY2019	30	(30)	-
SGX FTSE CHINA A50 INDEX FUTURE NOV2019	30	(30)	-
SGX FTSE CHINA A50 INDEX FUTURE SEP2019	141	(141)	-
USD/CNH FUTURE DEC2019	64	(64)	-
USD/CNH FUTURE MAR2020	64	-	64

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Performance Table (Unaudited)
As at 31 December 2019

Net Asset Value

	Dealing net asset value HKD	Net asset value per class A Units HKD
As at 31 December 2019	342,360,713	109.4271

Highest and lowest net asset value per unit

	Highest net asset value per unit HKD	Lowest net asset value per unit HKD
Financial period: From 2 January 2019 (date of commencement of operations to 31 December 2019	116.9666	99.7196