

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2013**

## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

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## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **MANAGER'S REPORT**

#### **Market Review**

In 2013, Hong Kong stock market traded in a relatively narrow range amid mixed factors, like ongoing expectation of QE tapering and fiscal cliff issue in the U.S., ECB cutting benchmark interest rate two times and extending the LTRO to July 2015, the liquidity tightening of Chinese banks, China's sluggish economic data and commitments to deepen reform, etc. Moreover, the Italy political deadlock, Cyprus's bailout deal, and U.S. government shutdown also put pressure on the market.

The Fund mainly invested in mid-cap industry leaders which are policy beneficiaries. The major holdings, including IT software, alternative energy, environmental protection, healthcare, construction materials, home appliance, and smartphone components stocks, all recorded good results on favorable policies and better industry dynamics. As a result, the Fund managed to realize 35.96% investment return for the year of 2013, compared with 6.56% for HSI and -1.40% for HSCEI during the same period.

#### **Economic Review**

In July, Premier Li Keqiang explicitly set the upper and lower limits at 3.5% CPI inflation and 7.5% GDP growth respectively to maintain steady economic growth within a reasonable range. He also emphasized that the bottom line for economic growth is 7% which must not be crossed. In addition, the Third Plenum of the 18th Central Committee of the Communist Party of China approved the "Decision on Major Issues Concerning Comprehensively Deepening Reforms", which is far more comprehensive and deeper than market expectation. We believe the reform measures will be the key growth drivers for China's economy in the next five to ten years, and promote investors' confidence for Chinese listed companies.

#### **Market Outlook and Investment Strategy**

Looking forward, the Fed decided to cut its asset purchases by USD 10 billion per month starting in January 2014 and to end the QE program by the end of 2014, which may lead to liquidity outflow from emerging markets. Yet the improving economic growth of overseas markets and gradual release of China's reform dividend should provide better ground for the Hong Kong stock market in 2014. The Fund will stay proactive and continue to invest in policy beneficiaries following the directions of China's reform and various industry development plans. With policy support, mid-cap market leaders are poised to deliver sustainable earnings growth and to outperform on attractive valuation in the future. We believe our stock pick strategy should offer investors favorable returns in the mid-long term.

)  
) For and on behalf of  
) CCB International Asset  
) Management Limited  
)

**TRUSTEE'S REPORT**  
**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND ("THE FUND")**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 12 January 2009, as amended, for the year ended 31 December 2013.

)  
)  
) For and on behalf of  
) HSBC Institutional Trust Services  
) (Asia) Limited  
)  
)

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF CCB INTERNATIONAL – CHINA POLICY DRIVEN  
FUND (THE "FUND")**

**Report on the Financial Statements**

We have audited the financial statements of the Fund set out on pages 5 to 23 which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Trustee and the Manager (the "Management") of the Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 12 January 2009 (the "Trust Deed"), as amended and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"), 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to 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.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation of financial statements that give a true and fair view 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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF CCB INTERNATIONAL – CHINA POLICY DRIVEN  
FUND (THE “FUND”) (CONTINUED)**

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Report on Other Legal and Regulatory Disclosure Requirements**

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 11 April 2014

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	Note	2013 HK\$	2012 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Investments	5	438,930,170	284,694,870
Amounts due from brokers		14,474,011	294,055
Amounts due from unitholders on subscription of units		9,931,427	103,464
Dividend receivables		-	103,560
Interest receivables		537	-
Cash and cash equivalents	6 (b)	6,322,439	766,118
<b>Total assets</b>		<u>469,658,584</u>	<u>285,962,067</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts due to unitholders on redemption of units		6,030,250	56,457
Amounts due to brokers		5,923,245	-
Other payables	6	939,458	660,299
<b>Total liabilities</b>		<u>12,892,953</u>	<u>716,756</u>
<b>Net assets attributable to unitholders</b>	10	<u>456,765,631</u>	<u>285,245,311</u>
<b>Total number of units in issue</b>	8	<u>36,861,602</u>	<u>31,502,277</u>
<b>Net asset value per unit</b>		<u>12.39</u>	<u>9.05</u>

Approved by the Trustee and the Manager on 11 April 2014

.....  
For and on behalf of  
HSBC Institutional Trust  
Services (Asia) Limited

.....  
For and on behalf of  
CCB International Asset  
Management Limited

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

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 HK\$	2012 HK\$
Dividend income		5,735,585	6,122,500
Other income receipt		537	-
Net gain/(loss) on investments	3	119,741,825	(5,809,019)
Net foreign exchange losses		(220)	(1,045)
<b>Net investment income</b>		<u>125,477,727</u>	<u>312,436</u>
Brokerage commission and other transaction costs		(6,881,418)	(8,394,551)
Management fees	6(a)	(5,747,459)	(4,879,447)
Trustee fees	6(c)	(811,446)	(737,969)
Transaction fees	6(c)	(222,787)	(226,672)
Auditors' remuneration		(184,109)	(148,742)
Legal and professional fees		-	(10,000)
Safe custody and bank charges		(98,946)	(79,523)
Miscellaneous expenses		(89,164)	(95,328)
<b>Operating expenses</b>		<u>(14,035,329)</u>	<u>(14,572,232)</u>
<b>Profit/(loss) before taxation</b>		111,442,398	(14,259,796)
Taxation	4	(110,797)	(94,450)
<b>Total comprehensive income/(loss) for the year</b>		<u>111,331,601</u>	<u>(14,354,246)</u>

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



**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 HK\$	2012 HK\$
<b>Balance at beginning of 1 January</b>		285,245,311	305,234,056
		-----	-----
<b>Total comprehensive gain/(loss) for the year</b>		111,331,601	(14,354,246)
		-----	-----
<b>Transactions with unitholders recorded directly in equity</b>			
Proceeds from issue of units		118,110,776	25,668,970
Payments on redemption of units		(57,922,057)	(31,303,469)
		-----	-----
<b>Total transactions with unitholders</b>		60,188,719	(5,634,499)
		-----	-----
<b>Balance at end of 31 December</b>	10	456,765,631	285,245,311
		=====	=====

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

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 HK\$	2012 HK\$
<b>Cash flows from operating activities</b>		
Dividend received	5,839,145	6,018,940
Margin deposits withdrawn	-	24,567,735
Payments on purchase of investments	(992,476,014)	(1,311,252,443)
Proceeds from sale of investments	950,063,682	1,268,651,334
Payments on purchase of derivative financial instruments	-	(16,292,650)
Payments on purchase of convertible debt security	(400,000)	-
Brokerage commission and other transaction costs paid	(6,819,272)	(8,397,647)
Management fees paid	(5,490,796)	(4,928,928)
Trustee fees paid	(789,239)	(739,828)
Transaction fee paid to Trustee	(226,984)	(220,713)
Auditor's remuneration paid	(177,315)	(170,521)
Legal and professional fees paid	-	(10,000)
Safe custody and bank charges paid	(98,946)	(79,523)
Miscellaneous expenses paid	(91,692)	(94,092)
Tax paid	(110,797)	(94,450)
<b>Net cash used in operating activities</b>	<b>(50,778,228)</b>	<b>(43,042,786)</b>
	-----	-----
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	108,282,813	28,788,105
Payments on redemption of units	(51,948,264)	(31,305,243)
<b>Net cash generated from/(used in) financing activities</b>	<b>56,334,549</b>	<b>(2,517,138)</b>
	=====	=====
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>5,556,321</b>	<b>(45,559,924)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>766,118</b>	<b>46,326,042</b>
	=====	=====
<b>Cash and cash equivalents at 31 December</b>	<b>6,322,439</b>	<b>766,118</b>
	=====	=====

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

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND****DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 HK\$	2012 HK\$
<b>Amount available for distribution brought forward</b>	285,245,311	305,234,056
Net subscriptions/(redemptions) of units	60,188,719	(5,634,499)
Total comprehensive income/(loss) for the year	111,331,601	(14,354,246)
<b>Amount available for distribution carried forward</b>	<u>456,765,631</u>	<u>285,245,311</u>

**Distribution policy**

The Manager does not presently intend to make cash distributions in respect of the Fund. Income earned by the Fund will be reinvested in the Fund and reflected in the value of its units.

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

## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **NOTES ON THE FINANCIAL STATEMENTS**

#### **1 General information**

CCB International - China Policy Driven Fund ("the Fund") is an open-ended unit trust established under a Trust Deed dated 12 January 2009, which was amended on 6 May 2010 ("the Trust Deed") and is governed by the Hong Kong law. The purpose of the Fund is to achieve capital growth over the long-term for the unitholders through investing in a broad range of companies listed primarily on Hong Kong stock exchange and/or any international securities exchanges and to benefit from the policies in place and/or to be made by the government and/or statutory bodies of Mainland China, Hong Kong, Macau and Taiwan.

The Fund is authorised by the Hong Kong Securities and Futures Commission under section 104 of the Hong Kong Securities and Futures Ordinance and is governed by the Hong Kong Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission. The Fund is also a collective investment scheme which is included as permissible investment under the Capital Investment Entrant Scheme.

CCB International Asset Management Limited is the Manager of the Fund and HSBC Institutional Trust Services (Asia) Limited is the Trustee of the Fund.

#### **2 Significant accounting policies**

##### **(a) Statement of compliance**

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), the relevant disclosures provisions of the Trust Deed, and the relevant disclosure requirements of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission. A summary of the significant accounting policies adopted by the Fund is set out below.

##### **(b) Basis of preparation of the financial statements**

The functional and presentation currency of the Fund is the Hong Kong dollar.

The financial statements have been prepared on the historical cost basis except for financial assets and liabilities at fair value through profit or loss which are measured at fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

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

##### **(c) Standards and amendments to existing standards effective 1 January 2013 and have been adopted**

IFRS 13, 'Fair value measurement' – The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Fund changed its valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed in the Fund's offering document for the calculation of its per share trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry. In the prior year, the Fund utilised bid and ask prices for its listed financial assets and liabilities in accordance with IAS 39. The change in valuation inputs is considered to be a change in estimate in accordance with IAS 8.2

Amendments to IFRS 7, 'Disclosures – Offsetting financial assets and financial liabilities' require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognized financial liabilities, on the entity's financial position. The amendments did not have any impact on the Fund's financial position, performance or any additional disclosure in the notes to the financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2013 that would be expected to have a material impact on the Fund.

##### **(d) New standards, amendments and interpretations effective after 1 January 2013 and have not been early adopted**

Amendments to IAS 32, 'Offsetting financial assets and financial liabilities' is effective for annual periods beginning on or after 1 January 2014, and have not been early adopted by the Fund. These amendments clarify the offsetting criteria in IAS 32 and address inconsistencies in their application. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. The amendments did not have any impact on the Fund's financial position or performance.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Fund.

## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **NOTES ON THE FINANCIAL STATEMENTS**

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

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

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

The subscriptions and redemptions of the redeemable units denominated in Hong Kong Dollar ("HK\$"). The performance of the Fund is measured and reported to the investors in HK\$. The Directors of the Manager consider HK\$ as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in HK\$, which is the Fund's functional and presentation currency.

###### **(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 statement of financial position 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 foreign exchange losses'.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within 'net gain/(loss) on investments'.

##### **(f) Financial assets at fair value through profit or loss**

###### **(i) Classification**

All of the Fund's investments are classified as financial assets at fair value through profit or loss. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

###### **(ii) Recognition, derecognition and measurement**

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets 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 at fair value through profit or loss' category are presented in the statement of comprehensive income within net gain/(loss) on investments in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established.

## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **NOTES ON THE FINANCIAL STATEMENTS**

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

##### **(f) Financial assets at fair value through profit or loss (Continued)**

###### **(iii) 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 participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. Prior to 1 January 2013, the quoted market price used for financial assets held by the Fund was the current bid price; the quoted market price for financial liabilities was the current asking price. The Fund adopted IFRS 13, 'Fair value measurement', from 1 January 2013; it changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

##### **(g) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Fund currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **(h) Due from and due to brokers**

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

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

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the statement of financial position.

##### **(j) Transactions costs**

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in profit or loss as an expense.

## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **NOTES ON THE FINANCIAL STATEMENTS**

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

##### **(k) Taxation**

Under the section 26A(IA) of the Hong Kong Inland Revenue Ordinance, the Fund is exempt from paying income taxes.

The 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 shown as a separate item in the statement of comprehensive income.

##### **(l) Expenses**

All expenses are recognised in statement of comprehensive income on an accrual basis.

##### **(m) Related parties**

For the purposes of these financial statements, a party is considered to be related to the Fund if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Fund or exercise significant influence over the Fund in making financial and operating policy decisions, or has joint control over the Fund;
- (ii) the Fund and the party are subject to common control;
- (iii) the party is a subsidiary, an associate of the Fund or a joint venture in which the Fund is a venturer;
- (iv) the party is a member of key management personnel of the Fund or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the Fund.

##### **(n) Subscriptions and redemptions**

The Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

##### **(o) Units in issue**

The Fund classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has one class of redeemable units in issue. This is the most subordinate class of financial instruments in the Fund and ranks pari passu in all material respects and has identical terms and conditions. The redeemable units provide investors with the right to require redemption of cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date and also in the event of the Fund's liquidation.



## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

#### 2 Significant accounting policies (Continued)

##### (o) Units in issue (Continued)

A puttable financial instrument that includes a contractual obligation for the issuer to repurchase or redeem that instrument for cash or another financial asset is classified as equity instruments if it meets the following conditions:

- it entitles the holder to a pro rata share of the entity's net assets in the event of the Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability;
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's redeemable units meet all of these conditions and are classified as equity. The Fund's distributions are recognised in the statement of changes in net assets attributable to unitholders.

#### 3 Net gain/(loss) on investments

	2013 HK\$	2012 HK\$
Net changes in fair value of		
- Equities	104,141,825	10,505,031
- Derivative financial instruments	-	(16,314,050)
- Convertible debt	15,600,000	-
	<hr/>	<hr/>
Total designated at fair value through profit or loss at inception	119,741,825	(5,809,019)
	<hr/>	<hr/>
Net changes in fair value on financial assets at fair value through profit or loss		
- Realised gains/(losses)	46,296,061	(58,705,658)
- Change in unrealized gains or losses	73,445,764	52,896,639
	<hr/>	<hr/>
Total net gains/(losses)	119,741,825	(5,809,019)
	<hr/>	<hr/>

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND****NOTES ON THE FINANCIAL STATEMENTS****4 Taxation**

Taxation in the statement of comprehensive income represents:

	2013 HK\$	2012 HK\$
Overseas withholding tax	110,797	94,450

No provision for Hong Kong profits tax has been made in the financial statements as the Fund is exempt from taxation under section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

Certain dividend income received by the Fund is subject to withholding tax imposed in the People's Republic of China which is charged at 10% of dividends received.

**5 Investments**

	2013 HK\$	2012 HK\$
Designated at fair value through profit or loss at inception		
- Equities	422,930,170	284,694,870
- Convertible debt	16,000,000	-
Total financial assets at fair value through profit or loss	438,930,170	284,694,870
Equities listed in Hong Kong	422,930,170	284,694,870
Convertible debt	16,000,000	-
Total	438,930,170	284,694,870
Investments, at cost	341,536,633	260,747,097
Net unrealised appreciation in value of investments	97,393,537	23,947,773
Investments, at market value	438,930,170	284,694,870

**6 Related parties transactions**

The following is a summary of transactions with related parties for the year. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

**(a) Management fees**

The Manager receives a management fee, payable monthly in arrears, equivalent to 1.75% per annum of the net asset value of the Fund accrued on each dealing day, which is defined in the Fund's prospectus as every business day. The management fees charged and payable for the year are as follows:

	2013 HK\$	2012 HK\$
Management fees charged for the year	5,747,459	4,879,447
Management fees payable at year end	669,174	412,511

## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

#### 6 Related parties transactions (Continued)

##### (b) Bank balances and margin deposits

The Fund maintains bank accounts and margin deposits with The Hongkong and Shanghai Banking Corporation Limited and HSBC Futures (S) Pte Ltd respectively, which are fellow subsidiaries of the Trustee. The balances of the bank accounts amounted to HK\$6,322,439 as at 31 December 2013 (2012: HK\$766,118). There was no margin deposit as at 31 December 2013 (2012: credit balance of HK\$35). No interest income was earned from these bank balances during the year (2012: nil).

##### (c) Trustee and transaction fees

The Trustee receives a fee equivalent to 0.125% per annum for the first US\$50 million of the net asset value of the Fund and 0.10% per annum thereafter. It is accrued on each dealing day, payable monthly in arrears, subject to a minimum fee of US\$40,000 per annum. In addition, the Trustee provides valuation services to the Fund for a fee of US\$130 per valuation day. The trustee fees charged and payable for the year are as follows:

	2013 HK\$	2012 HK\$
Trustee's fees charged for the year	811,446	737,969
Trustee's fees payable at year end	82,370	60,163

The Trustee also receives a charge of US\$50, US\$30 and US\$25 for each investment buy/sell transaction of the Fund in the PRC market, South Korea market and Hong Kong market respectively. The transaction fees charged and payable for the year are as follows:

	2013 HK\$	2012 HK\$
Transaction fees charged for the year	222,787	226,672
Transaction fees payable at year end	23,019	27,216

##### (d) Brokerage services

The Fund uses the brokerage services of a fellow subsidiary of the Manager to buy and sell investments. Details of transactions executed are as follows:

	2013 HK\$	2012 HK\$
Total aggregate value of transactions executed during the year	48,431,430	269,933,407
Commission paid during the year	197,586	674,941
Average rate of commission	0.41%	0.25%
Percentage of these transactions in value to total transactions of the year	2.47%	10.47%

##### (e) Investment in the Fund

As at 31 December 2013, the Manager and a related company of the Manager, CCB International (Holdings) Limited, holds 2,338,270 and 19,999,999 (2012: 2,338,270 and 19,999,999) shares of the Fund respectively.

## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

#### 7 Soft commission arrangements

The Manager has entered into soft commission arrangements with brokers under which certain goods and services used to support investment decision making are received by the Manager. The Manager does not make direct payment for these services but transacts an agreed amount of business with the brokers on behalf of the Fund. Commission is paid from the Fund on these transactions.

The services utilised for the Fund include the following:

- research and advisory services;
- economic and political analysis;
- portfolio analysis, including valuation and performance measurement;
- market analysis, data and quotation services;
- computer hardware and software incidental to the above goods and services; and
- clearing and custodian services and investment - related publications.

#### 8 Units in issue

	2013	2012
Number of units in issue brought forward	31,502,277	32,202,803
Units issued during the year	10,798,809	2,863,532
Units redeemed during the year	(5,439,484)	(3,564,058)
	<hr/>	<hr/>
Number of units in issue as at 31 December	<u>36,861,602</u>	<u>31,502,277</u>

The Fund does not have any externally imposed capital requirements.

#### 9 Financial instruments and associated risks

The Fund maintains an investment portfolio comprising equity instruments and a convertible debt. Details of such investments held as at 31 December 2013 are shown in the portfolio statement.

The Fund's investing activities expose them to various types of risks that are associated with the financial instruments and markets in which they invest. The Manager and the Trustee have set out below the most important types of financial risks inherent in each type of financial instruments. The Manager and the Trustee would like to highlight that the following list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund. Unitholders should note that additional information in respect of risks associated with investment in the Fund can be found in the Fund's offering document.

The nature and extent of the financial instruments outstanding at the date of statement of assets and liabilities and the risk management policies employed by the Fund are discussed below.

## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

#### 9 Financial instruments and associated risks (Continued)

##### (a) Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment or its issuer, or factors affecting all instruments traded in the market. The Fund is exposed to price risk as changes in market prices of its investments will affect the valuation of the Fund. Price risk can be mitigated by constructing a diversified portfolio of investments across different issuers, different sectors, or traded in different markets in accordance with the investment objective of the Fund.

The impact on a 5% increase in value of the investments at year end, with all other variables held constant, is shown below. An equal change in the opposite direction would have reduced the net asset value by an equal but opposite amount.

	2013 HK\$	2012 HK\$
Market exposure		
- Listed equities	422,930,170	284,694,870
- Convertible debt	16,000,000	-
Change in net assets if equity price increased by 5%	21,946,509	14,234,744

##### (b) Interest rate risk

The Fund is exposed to interest rate risk to the extent that it earns bank interest on cash and deposits.

The Fund's financial assets and liabilities are non-interest bearing except for cash and cash equivalents amounted to HK\$6,322,439 as at 31 December 2013 (2012: HK\$766,118). At the date of statement of financial position, assuming all other factors unchanged, it is estimated that an increase in interest rates of 50 basis points would result in an increase in the net assets attributable to unitholders and the profit and total comprehensive income of the Fund by HK\$31,612 (2012: HK\$3,831).

##### (c) Currency risk

As the majority of the Fund's financial instruments at 31 December 2013 are denominated in Hong Kong dollars, the Fund is exposed to minimal foreign currency risk.

##### (d) Credit risk

Credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation or commitment that it has entered into with the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

At 31 December 2013, all of the Fund's financial assets were exposed to credit risk. As all of the cash and margin deposits are deposited with HSBC Group and investments are under custody of the Trustee's fellow subsidiaries, which belong to HSBC Group, credit risk is considered to be low. The credit rating of HSBC Holdings PLC is A+ (2012:A+) under Standard & Poor's Rating.

Credit risk arising from transaction with brokers relates to transactions awaiting settlement. Risk relating to unsettled transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used.

The carrying amounts of financial assets represent the maximum credit risk exposure at the date of statement of assets and liabilities.

## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **NOTES ON THE FINANCIAL STATEMENTS**

#### **9 Financial instruments and associated risks (Continued)**

##### **(e) Liquidity risk**

Liquidity risk arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. The Fund is exposed to daily liquidity risk on redemption of units.

The Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Fund's listed investments are considered to have insignificant exposure to liquidity risk as they are all readily realisable under normal condition.

As at 31 December 2013, the Fund's financial assets and liabilities are due within three months.

##### **(f) Concentration risk**

At 31 December 2013, one of the unitholders represented around 54% (2012: 63%) of the Fund's net assets attributable to unitholders.

##### **(g) Capital risk management**

The capital of the Fund is represented by the net assets attributable to holders of redeemable units. The amount of net asset attributable to holders of redeemable units can change significantly on a daily basis, as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Fund.

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

- Monitor the level of daily subscriptions and redemptions relative to the assets it expects to be able to liquidate daily and adjust the amount of distributions the Fund pays to redeemable unitholders.
- Redeem and issue new units in accordance with the constitutional documents of the Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

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

## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **NOTES ON THE FINANCIAL STATEMENTS**

#### **9 Financial instruments and associated risks (Continued)**

##### **(h) Fair value estimation**

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. Prior to 1 January 2013, the quoted market price used for financial assets held by the Fund was the current bid price; the quoted market price for financial liabilities was the current asking price. The Fund adopted IFRS 13, 'Fair value measurement', from 1 January 2013 and changed its fair valuation inputs to utilise the last traded market price for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

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 Fund for similar financial instruments.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

# CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

## NOTES ON THE FINANCIAL STATEMENTS

### 9 Financial instruments and associated risks (Continued)

#### (h) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) measured at fair value at 31 December 2013. The equities below are listed in the Hong Kong stock exchange. Countries below represent where the issuers of the listed equities were incorporated.

All fair value measurements disclosed are recurring fair value measurements.

<b>As at 31 December 2013</b>	<b>Level 1 HK\$</b>	<b>Level 2 HK\$</b>	<b>Total HK\$</b>
<b>Investments</b>			
Listed equities			
Bermuda			
Consumer Discretionary	15,457,500	-	15,457,500
Energy	41,496,000	-	41,496,000
Information Technology	8,000,000	-	8,000,000
Cayman Islands			
Consumer Discretionary	15,941,600	-	15,941,600
Consumer Staples	3,360,000	-	3,360,000
Energy	32,025,200	-	32,025,200
Financials	9,000,640	-	9,000,640
Health Care	49,835,000	-	49,835,000
Industrials	15,486,700	-	15,486,700
Information Technology	78,144,850	-	78,144,850
Materials	68,541,740	-	68,541,740
China			
Consumer Discretionary	63,024,580	-	63,024,580
Hong Kong			
Consumer Staples	14,256,360	-	14,256,360
Information Technology	5,070,000	-	5,070,000
Singapore			
Industrials	3,290,000	-	3,290,000
	<u>422,930,170</u>	<u>-</u>	<u>422,930,170</u>
Convertible debt			
Bermuda			
Information Technology	-	16,000,000	16,000,000
	<u>-</u>	<u>16,000,000</u>	<u>16,000,000</u>
<b>Total investments</b>	<u>422,930,170</u>	<u>16,000,000</u>	<u>438,930,170</u>



# CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

## NOTES ON THE FINANCIAL STATEMENTS

### 9 Financial instruments and associated risks (Continued)

#### (h) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Fund's assets and liabilities measured at fair value at 31 December 2012. The equities below are listed in the Hong Kong stock exchange. Countries below represent where the issuers of the listed equities were incorporated.

As at 31 December 2012	Level 1 HK\$	Level 2 HK\$	Total HK\$
<b>Investments</b>			
Listed equities			
Bermuda			
Consumer Discretionary	50,365,640	-	50,365,640
Industrials	6,592,000	-	6,592,000
Cayman Islands			
Communications	7,312,400	-	7,312,400
Consumer Discretionary	7,362,500	-	7,362,500
Consumer Staples	4,704,180	-	4,704,180
Financials	75,023,000	-	75,023,000
Industrials	13,989,500	-	13,989,500
Materials	32,462,500	-	32,462,500
China			
Energy	8,776,800	-	8,776,800
Financials	19,540,000	-	19,540,000
Industrials	46,133,600	-	46,133,600
Hong Kong			
Financials	12,432,750	-	12,432,750
<b>Total investments</b>	<b>284,694,870</b>	<b>-</b>	<b>284,694,870</b>

The Fund's assets and liabilities are carried at amortized cost; their carrying values are a reasonable approximation of fair value.

### 10 Reconciliation of net assets values

The Fund has adopted IFRS 13 in 2013 and has changed its valuation inputs for listed financial assets and liabilities to last traded prices. This is consistent with the inputs prescribed in the Fund's offering document for the calculation of its per share trading value. In the prior year, the Fund utilised bid and ask prices for its listed financial assets and liabilities in accordance with IAS 39. This resulted in a difference with the per share trading value calculated by the Fund using last traded prices. The following reconciliation provides details of these differences:

	2013 HK\$	2012 HK\$
NAV as reported in the financial statements as at 31 December	456,765,631	285,245,311
Adjustments for different bases adopted by the Fund in arriving at the Dealing NAV:		
- Use of last traded pricing instead of bid pricing in valuing investments	-	1,856,780
Dealing NAV as at 31 December	<u>456,765,631</u>	<u>287,102,091</u>

**PORTFOLIO STATEMENT (UNAUDITED)**  
**AS AT 31 DECEMBER 2013**

	Holdings Shares	Market value HK\$	% of NAV
<b>Listed equities</b>			
<b>Hong Kong</b>			
Bloomage Biotechnology Corporation	2,280,000	39,216,000	8.59
China Modern Dairy Holdings Ltd.	800,000	3,360,000	0.74
China Sanjiang Fine Chemicals Co Ltd.	1,046,000	4,121,160	0.91
China Singyes Solar Tech Hldgs Ltd.	5,320,000	41,496,000	9.08
Greatview Aseptic Packaging Co Ltd.	6,319,000	28,941,020	6.34
Guanshen Railway Co Ltd H Shares	5,760,000	20,678,400	4.53
Hisense Kelon Electrical Hldgs Co Ltd.	3,607,000	42,346,180	9.27
Hong Kong Finance Group Co Ltd.	10,228,000	9,000,640	1.97
Jutal Offshore Oil Service	16,420,000	24,630,000	5.39
Kinsoft Corp Ltd.	1,773,000	39,626,550	8.68
RM Group Holdings Ltd.	5,180,000	10,619,000	2.32
Stelux Holdings International Limited	5,725,000	15,457,500	3.38
Suncorp Technologies Ltd.	20,000,000	8,000,000	1.75
Tech Pro Technology Developement Ltd.	810,000	3,069,900	0.67
Technovator International Ltd.	1,000,000	3,290,000	0.72
Tongda Group Holdings Limtied	68,170,000	35,448,400	7.76
Tradelink Electronic Commerce Ltd.	3,000,000	5,070,000	1.11
UKF Holdings Ltd.	19,540,000	7,229,800	1.58
Vitasoy International Holdings Ltd.	1,194,000	14,256,360	3.12
Xiangyu Dredging Holdings Ltd.	6,170,000	15,486,700	3.39
Xinyi Glass Holding Company Limtied	5,184,000	35,458,560	7.76
Xinyi Solar Holdings Ltd.	4,622,000	7,395,200	1.62
ZMFY Automobile Glass Services Ltd.	10,130,000	8,711,800	1.91
<b>Total listed equities</b>		422,930,170	92.59
<b>Convertible debt</b>			
<b>Hong Kong</b>			
Suncorp Technologies Ltd.	400,000	16,000,000	3.50
<b>Other net assets</b>		17,835,461	3.91
<b>Total net assets</b>		456,765,631	100.00
<b>Total cost of investments</b>		341,536,633	

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)  
AS AT 31 DECEMBER 2013**

	1 January 2013 Shares	Holdings		31 December 2013 Shares
		Additions Shares	Disposals Shares	
<b>Listed equities</b>				
<b>Hong Kong</b>				
AIA Group Ltd.	75,000	-	(75,000)	-
Aluminium Corp of China Ltd.	-	1,240,000	(1,240,000)	-
Anhui Conch Cement Co. Ltd. - H Shares	-	300,000	(300,000)	-
Anton Oilfield Services Group	-	2,486,000	(2,486,000)	-
Biostime International Holdings Ltd.	-	305,000	(305,000)	-
Bloomage Biotechnology Corp Ltd.	-	3,437,500	(1,157,500)	2,280,000
China Agri-industries Holdings Ltd.	-	1,762,000	(1,762,000)	-
China Automation Group Ltd.	-	4,118,000	(4,118,000)	-
China Binary Sale Technology Ltd.	-	96,000	(96,000)	-
China Fiber Optic Network System Group	-	9,000,000	(9,000,000)	-
China Glass Holdings Ltd.	-	4,190,000	(4,190,000)	-
China High Speed Transmission Equipment Group Co., Ltd.	-	4,000,000	(4,000,000)	-
China Huishan Dairy Holdings Co Ltd.	-	3,000,000	(3,000,000)	-
China Liansu Group Holdings Ltd.	2,075,000	-	(2,075,000)	-
China Longyuan Power Group Corp H SHS	-	1,840,000	(1,840,000)	-
China Medical System Holdings Ltd.	-	1,193,000	(1,193,000)	-
China Minsheng Banking Corp., Ltd. - H Shares	-	3,000,000	(3,000,000)	-
China Modern Dairy Holdings Ltd.	-	800,000	-	800,000
China National Building Material Co. Ltd. - H Shares	-	1,000,000	(1,000,000)	-
China Oilfield Services Ltd. – H Shares	552,000	448,000	(1,000,000)	-
China Overseas Land & Investment Ltd.	440,000	-	(440,000)	-
China Petroleum & Chemical Corp – H	-	1,000,000	(1,000,000)	-
China Power Intl Development Ltd.	-	3,417,000	(3,417,000)	-
China Railway Construction Corporation Ltd. - H Shares	2,000,000	1,200,000	(3,200,000)	-
China Resources Power Holdings Co Ltd.	-	600,000	(600,000)	-
China Sanjiang Fine Chemicals Co Ltd	-	1,046,000	-	1,046,000
China See Property Holdings Ltd.	-	3,014,000	(3,014,000)	-
China Shipping Development Co. Ltd. - H Shares	2,450,000	2,000,000	(4,450,000)	-
China Singyes Solar Tech Hldgs Ltd.	-	5,720,000	(400,000)	5,320,000
China Suntien Green Energy Corp – H SHS	-	1,853,000	(1,853,000)	-
Chongqing Rural Commercial Bank Co., Ltd. - H Shares	-	5,030,000	(5,030,000)	-
CITIC Securities Co. Ltd. - H Shares	1,000,000	600,000	(1,600,000)	-

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)  
AS AT 31 DECEMBER 2013**

	1 January 2013 Shares	Holdings		31 December 2013 Shares
		Additions Shares	Disposals Shares	
<b>Listed equities</b>				
<b>Hong Kong</b>				
Comtec Solar Systems Group Ltd.	-	4,000,000	(4,000,000)	-
CSR Corporation Ltd. - H Shares	2,640,000	-	(2,640,000)	-
Digital China Holdings Ltd.	1,526,000	474,000	(2,000,000)	-
Evergrande Real Estate Group Ltd.	6,200,000	-	(6,200,000)	-
Far East Global Group Ltd.	-	9,524,000	(9,524,000)	-
Focus Media Network Ltd.	7,240,000	-	(7,240,000)	-
GCL-Poly Energy Holdings Ltd.	-	5,000,000	(5,000,000)	-
Greatview Aseptic Packaging Co Ltd.	-	7,151,000	(832,000)	6,319,000
Guangshen Railway Co Ltd. – H SHS	-	5,760,000	-	5,760,000
Guodian Technology & Environment Group Corporation Ltd. - H Shares	-	3,500,000	(3,500,000)	-
Haier Electronics Group Co., Ltd.	2,261,000	311,000	(2,572,000)	-
HC International Inc.	-	1,000,000	(1,000,000)	-
Hengshi Mining Investments Ltd.	-	1,090,000	(1,090,000)	-
Hisense Kelon Electrical Hldgs Co Ltd. – H SHS	-	4,799,000	(1,192,000)	3,607,000
Hong Kong Finance Group Co Ltd.	-	10,320,000	(92,000)	10,228,000
Hopson Development Holdings Ltd.	-	1,780,000	(1,780,000)	-
Huadian Power Intl Company – H Shares	-	9,256,000	(9,256,000)	-
Huaneng Renewables Corporation Ltd. - H Shares	-	9,328,000	(9,328,000)	-
Huazhong Holdings Co. Ltd.	3,800,000	-	(3,800,000)	-
Johnson Electric Holdings Ltd.	1,280,000	-	(1,280,000)	-
Jutal Offshore Oili Service Ltd.	-	16,420,000	-	16,420,000
Kaisa Group Holdings Ltd.	4,000,000	2,509,000	(6,509,000)	-
Kingsoft Corp Ltd.	-	4,050,000	(2,277,000)	1,773,000
Lijun Intl Pharmaceutical Hldgs Co Ltd.	-	3,282,000	(3,282,000)	-
Longfor Properties Co. Ltd.	1,600,000	-	(1,600,000)	-
Mega Expo Holdings Ltd.	-	250,000	(250,000)	-
Merry Garden Holdings Ltd.	-	3,156,000	(3,156,000)	-
Microport Scientific Corp.	-	3,621,000	(3,621,000)	-
Netdragon Websoft Inc.	-	320,000	(320,000)	-
New Century Reit	-	925,000	(925,000)	-

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)  
AS AT 31 DECEMBER 2013**

	1 January 2013 Shares	Holdings		31 December 2013 Shares
		Additions Shares	Disposals Shares	
<b>Listed equities</b>				
<b>Hong Kong</b>				
Prince Frog International Holdings Ltd.	1,443,000	1,150,000	(2,593,000)	-
Renhe Commercial Holdings Co Ltd.	-	6,000,000	(6,000,000)	-
RM Group Holdings Ltd.	-	5,600,000	(420,000)	5,180,000
Shanghai Industrial Urban Dev Grp Ltd.	-	3,914,000	(3,914,000)	-
Shenzhen Investment Ltd.	-	6,500,000	(6,500,000)	-
Sinotruk Hong Kong Ltd.	-	1,345,000	(1,345,000)	-
Stelux Holdings International Ltd.	1,810,000	5,443,000	(1,528,000)	5,725,000
Sunac China Holdings Ltd.	2,500,000	-	(2,500,000)	-
Suncorp Technologies Ltd.	-	22,000,000	(2,000,000)	20,000,000
Sunny Optical Technology Group Co Ltd.	-	1,873,000	(1,873,000)	-
TCL Multimedia Technology Holdings Ltd.	-	3,100,000	(3,100,000)	-
Tech Pro Technology Development Ltd.	-	3,500,000	(2,690,000)	810,000
Technovator International Ltd.	-	6,822,000	(5,822,000)	1,000,000
Techtronic Industries Co Ltd.	-	1,423,500	(1,423,500)	-
Tencent Holdings Ltd.	-	70,000	(70,000)	-
Tenwow International Holdings Ltd.	-	25,000	(25,000)	-
Tianda Pharmaceuticals Ltd.	-	17,000,000	(17,000,000)	-
Tianjin Jinran Pub Util Co Ltd. – H Shares	-	3,260,000	(3,260,000)	-
TK Group Holdings Ltd.	-	5,500,000	(5,500,000)	-
Tongda Group Holdings Ltd.	-	68,170,000	-	68,170,000
Tradelink Electronic Commerce Ltd	-	3,000,000	-	3,000,000
UKF (Holdings) Ltd.	29,450,000	19,540,000	(29,450,000)	19,540,000
Vision Fame International Holding Ltd.	4,850,000	-	(4,850,000)	-
Vitasoy International Holdings Ltd.	-	1,194,000	-	1,194,000
VST Holdings Ltd.	-	6,729,600	(6,729,600)	-
Xianyu Dredging Holdings Ltd.	-	9,500,000	(3,330,000)	6,170,000
Xinyi Glass Holdings Ltd.	4,500,000	3,864,000	(3,180,000)	5,184,000
Xinyi Solar Holdings Ltd.	-	4,622,000	-	4,622,000
Youyuan International Holdings Ltd.	-	2,223,000	(2,223,000)	-
ZMFY Automobile Glass Services	-	10,130,000	-	10,130,000
Zoomlion Heavy Industry Science and Technology Co., Ltd. – H Shares	-	900,000	(900,000)	-
<b>Convertible debt</b>				
<b>Hong Kong</b>				
Suncorp Technologies Ltd.	-	400,000	-	400,000

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	% of net assets	
	2013	2012
<b>Listed equities</b>		
Hong Kong	92.59	99.81
<b>Convertible debt</b>		
Hong Kong	3.50	-
	<hr/>	<hr/>
<b>Total investments</b>	96.09	99.81
<b>Other net assets</b>	3.91	0.19
	<hr/>	<hr/>
<b>Total net assets</b>	100.00	100.00
	<hr/> <hr/>	<hr/> <hr/>

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**PERFORMANCE RECORD (UNAUDITED)**

**(a) Price record (Dealing NAV)**

Year	Lowest	Highest
2013	8.21	12.40
2012	7.39	10.32
2011	9.46	19.05
2010	14.85	19.22
2009	9.94	17.79

**(b) Total net asset value**

	2013 HK\$	2012 HK\$	2011 HK\$
Total net asset value	456,765,631	285,245,311	305,234,056

**(c) Net asset value per unit**

Net asset value per unit	12.39	9.05	9.48
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## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **ADMINISTRATION**

#### **Manager**

CCB International Asset Management Limited  
12/F, CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

#### **Directors of the Manager**

Bai Yue  
Li Ngai  
Li Yuezhong  
Lo Chak Bong Alfred Bing  
Rattiwat Samson  
Yang Feng  
Yang Ning

#### **Trustee and registrar**

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

#### **Legal Advisers**

Clifford Chance  
28/F, Jardine House  
One Connaught Place  
Hong Kong

#### **Auditors**

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