

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2014

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

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CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

MANAGER'S REPORT

Market Review

In 2014, Hong Kong stock market rebounded with high volatility amid mixed factors. The U.S. recorded strong economic growth and ended its QE in October. ECB lowered the key interest rates two times and started buying private sector assets known as covered bonds. China carried out targeted RRR cuts and cut interest rates once to stabilize economy. Moreover, the Ukraine crisis and falling oil price also put pressure on the market.

The Fund mainly invested in mid-cap industry leaders which are policy beneficiaries. During the first three quarters, the Fund performed well with highest returns up to around 24%. Yet in the fourth quarter, market liquidity rushed flowing into A-share related and interest rate sensitive big caps thanks to the launch of Shanghai-Hong Kong Stock Connect and the surprise interest rate cut. While at the same time, small and mid-cap stocks all experienced a sharp correction on liquidity outflow and profit taking. As a result, the Fund underperformed the market in 2014.

Economic Review

In 2014, China's GDP growth slowed to a record 24-year low of 7.4%, mainly due to the weak property investment. The government has implemented many stimulus measures since April. Besides that, the NDRC was reported to approve around 400 infrastructure projects with total investment over 10 trillion yuan. After local governments removed restrictions on home buying, the PBoC launched a new mortgage lending policy, allowing banks to apply first-home mortgage policy to second-home buyers who own one home and paid off their previous mortgage. More importantly, the PBoC announced to cut the benchmark interest rates in November to lower corporate financing cost. Later on, the PBoC also included interbank deposits in the general deposit base with temporary waiver of RRR. The Central Economic Work Conference stated that, the economic development has stepped into the "new normal" stage. China will proactively promote the "One Belt, One Road" strategy, which aims to export its excess capacity and realize economic restructuring by boosting infrastructure investment in the countries along the Silk Road.

Market Outlook and Investment Strategy

Looking forward, we are still positive on Chinese stock markets. The stable economic growth in the U.S., the Fed's patience on interest rate hike, and ECB's plan to launch QE in 2015 provide us favorable external environment. Moreover, it is widely estimated that China's economic growth may edge down to around 7% in 2015. Hence market expects more interest rates cut and universal RRR cuts to follow. The Fund will continue to focus on policy beneficiaries to 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 Fund has, in all material respects, been managed in accordance with the provisions of the Trust Deed dated 12 January 2009, as amended, for the year ended 31 December 2014.

)
)
) 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 2014, 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, 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 Appendix E of the Code on Unit Trusts and Mutual Funds issued 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. 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. We are also required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

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 2014, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matters

This report, including the opinion, has been prepared for and only 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.

Report on Other Legal and Regulatory Requirements

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 the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 10 April 2015

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

	Note	2014 HK\$	2013 HK\$
Assets			
Current assets			
Investments	5	618,273,670	438,930,170
Amounts due from brokers		10,353,393	14,474,011
Amounts due from unitholders on subscription of units		956,828	9,931,427
Interest receivables		-	537
Cash and cash equivalents	6 (b)	13,120,515	6,322,439
Total assets		<u>642,704,406</u>	<u>469,658,584</u>
Liabilities			
Current liabilities			
Amounts due to unitholders on redemption of units		1,734,711	6,030,250
Amounts due to brokers		19,107,408	5,923,245
Other payables	6	1,321,928	939,458
Total liabilities		<u>22,164,047</u>	<u>12,892,953</u>
Net assets attributable to unitholders		<u>620,540,359</u>	<u>456,765,631</u>
Total number of units in issue	8	<u>54,616,389</u>	<u>36,861,602</u>
Net asset value per unit		<u>11.36</u>	<u>12.39</u>

Approved by the Trustee and the Manager on 10 April 2015.

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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 2014**

	Note	2014 HK\$	2013 HK\$
Dividend income		13,620,335	5,735,585
Other (loss)/income		(537)	537
Net (loss)/gain on investments	3	(71,779,177)	119,741,825
Net foreign exchange losses		(292)	(220)
Net investment (loss)/income		<u>(58,159,671)</u>	<u>125,477,727</u>
Brokerage commission and other transaction costs		(11,079,449)	(6,881,418)
Management fees	6(a)	(11,726,491)	(5,747,459)
Trustee fees	6(c)	(1,191,738)	(811,446)
Transaction fees	6(c)	(301,307)	(222,787)
Auditors' remuneration		(198,805)	(184,109)
Safe custody and bank charges		(198,628)	(98,946)
Miscellaneous expenses		(96,985)	(89,164)
Operating expenses		<u>(24,793,403)</u>	<u>(14,035,329)</u>
(Loss)/profit before taxation		<u>(82,953,074)</u>	<u>111,442,398</u>
Taxation	4	(34,595)	(110,797)
Total comprehensive (loss)/income for the year		<u><u>(82,987,669)</u></u>	<u><u>111,331,601</u></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 2014**

	Note	2014 HK\$	2013 HK\$
Balance at beginning of 1 January		456,765,631	285,245,311
		-----	-----
Total comprehensive (loss)/gain for the year		(82,987,669)	111,331,601
		-----	-----
Transactions with unitholders recorded directly in equity			
Proceeds from issue of units		484,888,893	118,110,776
Payments on redemption of units		(238,126,496)	(57,922,057)
		-----	-----
Total transactions with unitholders		246,762,397	60,188,719
		-----	-----
Balance at end of 31 December		620,540,359	456,765,631
		=====	=====

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 2014**

	2014 HK\$	2013 HK\$
Cash flows from operating activities		
Dividend received	13,620,335	5,839,145
Payments on purchase of investments	(1,543,372,717)	(992,476,014)
Proceeds from sale of investments	1,309,526,474	950,063,682
Payments on purchase of convertible debt security	-	(400,000)
Brokerage commission and other transaction costs paid	(11,051,103)	(6,819,272)
Management fees paid	(11,415,797)	(5,490,796)
Trustee fees paid	(1,172,838)	(789,239)
Transaction fee paid to Trustee	(286,683)	(226,984)
Auditor's remuneration paid	(188,060)	(177,315)
Safe custody and bank charges paid	(183,082)	(98,946)
Miscellaneous expenses paid	(85,315)	(91,692)
Tax paid	(34,595)	(110,797)
	<hr/>	<hr/>
Net cash used in operating activities	(244,643,381)	(50,778,228)
	-----	-----
Cash flows from financing activities		
Proceeds from issue of units	493,863,492	108,282,813
Payments on redemption of units	(242,422,035)	(51,948,264)
	<hr/>	<hr/>
Net cash generated from financing activities	251,441,457	56,334,549
	-----	-----
Net increase in cash and cash equivalents	6,798,076	5,556,321
Cash and cash equivalents at 1 January	6,322,439	766,118
	<hr/>	<hr/>
Cash and cash equivalents at 31 December	13,120,515	6,322,439
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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 2014**

	2014 HK\$	2013 HK\$
Amount available for distribution brought forward	456,765,631	285,245,311
Net subscriptions of units	246,762,397	60,188,719
Total comprehensive (loss)/income for the year	(82,987,669)	111,331,601
Amount available for distribution carried forward	<u>620,540,359</u>	<u>456,765,631</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 2014 and have been adopted

Amendment to HKAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The adoption of this amendment did not have a significant impact on the financial statements of the Fund.

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 2014 that would be expected to have a material impact on the Fund

(d) New standards, amendments and interpretations effective after 1 January 2014 and have not been early adopted

HKFRS 9, 'Financial instruments', addressing the classification, measurement and recognition of financial assets and financial liabilities, is effective for annual periods beginning on or after 1 January 2018. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. This standard is not expected to have a significant impact on the financial statements of the Fund.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on 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.

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 reference to quotes provided by independent third parties, 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 (loss)/gain on investments

	2014 HK\$	2013 HK\$
Net changes in fair value of		
- Equities	(71,799,177)	104,141,825
- Convertible debt	-	15,600,000
	<hr/>	<hr/>
Total designated at fair value through profit or loss at inception	<u>(71,779,177)</u>	<u>119,741,825</u>
Net changes in fair value on financial assets at fair value through profit or loss		
- Realised gains	13,948,411	46,296,061
- Change in unrealized gains or losses	(85,727,588)	73,445,764
	<hr/>	<hr/>
Total net (losses)/gains	<u>(71,779,177)</u>	<u>119,741,825</u>

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

NOTES ON THE FINANCIAL STATEMENTS

4 Taxation

Taxation in the statement of comprehensive income represents:

	2014 HK\$	2013 HK\$
Overseas withholding tax	34,595	110,797

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

	2014 HK\$	2013 HK\$
Designated at fair value through profit or loss at inception		
- Equities	618,273,670	422,930,170
- Convertible debt	-	16,000,000
Total financial assets at fair value through profit or loss	618,273,670	438,930,170
Equities listed in Hong Kong	618,273,670	422,930,170
Convertible debt	-	16,000,000
Total	618,273,670	438,930,170
Investments, at cost	606,607,721	341,536,633
Net unrealised appreciation in value of investments	11,665,949	97,393,537
Investments, at market value	618,273,670	438,930,170

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:

	2014 HK\$	2013 HK\$
Management fees charged for the year	11,726,491	5,747,459
Management fees payable at year end	979,868	669,174

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\$13,120,515 as at 31 December 2014 (2013: HK\$6,322,439). There was no margin deposit as at 31 December 2014 (2013: nil). No interest income was earned from these bank balances during the year (2013: 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:

	2014 HK\$	2013 HK\$
Trustee's fees charged for the year	1,191,738	811,446
Trustee's fees payable at year end	101,270	82,370

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:

	2014 HK\$	2013 HK\$
Transaction fees charged for the year	301,307	222,787
Transaction fees payable at year end	37,644	23,019

(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:

	2014 HK\$	2013 HK\$
Total aggregate value of transactions executed during the year	59,660,836	48,431,430
Commission paid during the year	149,153	197,586
Average rate of commission	0.25%	0.41%
Percentage of these transactions in value to total transactions of the year	2.08%	2.47%

(e) Investment in the Fund

As at 31 December 2014, the Manager and a related company of the Manager, CCB International (Holdings) Limited, hold 2,338,270 and 19,999,999 (2013: 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

	2014	2013
Number of units in issue brought forward	36,861,602	31,502,277
Units issued during the year	35,424,373	10,798,809
Units redeemed during the year	(17,669,586)	(5,439,484)
	<hr/>	<hr/>
Number of units in issue as at 31 December	<u>54,616,389</u>	<u>36,861,602</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. Details of such investments held as at 31 December 2014 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.

	2014 HK\$	2013 HK\$
Market exposure		
- Listed equities	618,273,670	422,930,170
- Convertible debt	-	16,000,000
Change in net assets if equity price increased by 5%	30,913,684	21,946,509

(b) Interest rate risk

The Fund's financial assets and liabilities are non-interest bearing including cash and cash equivalents. As such, the Fund is not exposed to interest rate risk and no sensitivity analysis is presented.

(c) Currency risk

As the majority of the Fund's financial instruments at 31 December 2014 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 2014, 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+ (2013: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 2014, the Fund's financial assets and liabilities are due within three months.

(f) Concentration risk

At 31 December 2014, one of the unitholders represented around 37% (2013: 54%) 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. The Fund utilises the last traded market price for both financial assets and financial liabilities. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Hong Kong on the year end date, valuation techniques will be applied to determine the fair value.

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 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 2014. 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.

As at 31 December 2014	Level 1 HK\$	Level 2 HK\$	Total HK\$
Investments			
Listed equities			
Bermuda			
Energy	23,479,200	-	23,479,200
Financials	9,885,100	-	9,885,100
Technology	13,980,000	-	13,980,000
Cayman Islands			
Consumer Discretionary	61,600,900	-	61,600,900
Consumer Staples	8,908,600	-	8,908,600
Financials	66,035,480	-	66,035,480
Industrials	58,341,620	-	58,341,620
Materials	66,510,990	-	66,510,990
Technology	64,903,700	-	64,903,700
China			
Consumer Discretionary	30,825,000	-	30,825,000
Financials	38,042,140	-	38,042,140
Industrials	45,719,484	-	45,719,484
Technology	53,978,936	-	53,978,936
Hong Kong			
Financials	76,062,520	-	76,062,520
Total investments	<u>618,273,670</u>	<u>-</u>	<u>618,273,670</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 2013. 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 2013	Level 1 HK\$	Level 2 HK\$	Total HK\$
Investments			
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>
Total investments	<u><u>422,930,170</u></u>	<u><u>16,000,000</u></u>	<u><u>438,930,170</u></u>

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

10 Approval of the financial statements

The financial statements were approved and authorised for issue by the Trustee and the Manager on 10 April 2015.

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND
PORTFOLIO STATEMENT (UNAUDITED)
AS AT 31 DECEMBER 2014**

	Holdings Shares	Market value HK\$	% of NAV
Listed equities			
Hong Kong			
BLOOMAGE BIOTECHNOLOGY CORPORATION	3,097,500	39,648,000	6.39
CHINA HIGH SPEED TRANSMISSION EQUIPMENT GROUP CO., LTD	1,574,000	7,602,420	1.23
CHINA LIFE INSURANCE CO LTD H SHS	200,000	6,090,000	0.98
CHINA MERCHANTS BANK CO LTD H SHS	359,000	6,986,140	1.13
CHINA NEW ENERGY POWER GROUP	24,110,000	9,885,100	1.59
CHINA OVERSEAS LAND & INVESTMENT	800,000	18,440,000	2.97
CHINA SHIPPING DEVELOPMENT CO LTD H S	5,130,000	27,291,600	4.40
CHINA SINGYES SOLAR TECH HLDGS LTD	2,174,000	23,479,200	3.78
CHINA U-TON HOLDING LTD	39,640,000	50,739,200	8.18
CITIC SECURITIES CO LTD H SHS	855,000	24,966,000	4.02
CL GROUP HOLDINGS LTD	7,000,000	2,870,000	0.46
DIFFER GROUP HOLDING CO LTD	15,060,000	36,897,000	5.95
DONGFANG ELECTRIC CO LTD H SHS	813,400	11,599,084	1.87
FULUM GROUP HOLDINGS LTD	12,900,000	14,448,000	2.33
GLOBAL INTERNATIONAL CREDIT	4,400,000	6,336,000	1.02
GREATVIEW ASEPTIC PACKAGING CO LTD	6,699,000	26,862,990	4.33
HARBIN ELECTRIC CO LTD H SHS	1,408,000	6,828,800	1.10
HISENSE KELON ELECTRICAL HLDGS CO.,LTD	4,500,000	30,825,000	4.97
HONG KONG EXCHANGES AND CLEARING	335,600	57,622,520	9.29
HONWORLD GROUP LTD	1,100,000	4,543,000	0.73
OI WAH PAWNSHOP CREDIT HLDGS	12,304,000	19,932,480	3.21
RM GROUP HOLDINGS LTD	2,568,000	4,365,600	0.70
SUNCORP TECHNOLOGIES LTD	60,000,000	13,980,000	2.25
TONGDA GROUP HLDGS LTD	63,590,000	58,502,800	9.43
UKF HOLDINGS LTD	99,790,000	30,934,900	4.99
VST HOLDINGS LTD	2,530,000	6,400,900	1.03
ZMFY AUTOMOBILE GLASS SERVICES	19,080,000	16,218,000	2.61
ZTE CORP H SHS	3,205,400	53,978,936	8.70
Total listed equities		618,273,670	99.64
Other net assets		2,266,689	0.36
Total net assets		620,540,359	100.00
Total cost of investments		606,607,720	

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
AS AT 31 DECEMBER 2014**

	1 January 2014 Shares	Holdings		31 December 2014 Shares
		Additions Shares	Disposals Shares	
Listed equities				
Hong Kong				
ANHUI CONCH CEMENT CO LTD H SHARES	-	550,000	(550,000)	-
AUSTAR LIFESCIENCES LTD	-	1,864,000	(1,864,000)	-
BELJING JINGNENG CLEAN ENGY CO LTD H SHS	-	4,120,000	(4,120,000)	-
BLOOMAGE BIOTECHNOLOGY CORPORATION	2,280,000	980,000	(162,500)	3,097,500
BYD CO LTD	-	525,000	(525,000)	-
CENTURY SUNSHINE GROUP HOLDINGS	-	580,000	(580,000)	-
CHANGGANG DUNXIN ENTERPRISE	-	5,500,000	(5,500,000)	-
CHINA AUTOMOTIVE INTERIOR	-	15,000,000	(15,000,000)	-
CHINA CHILD CARE CORP LTD	-	4,855,000	(4,855,000)	-
CHINA DREDGING ENVIRONMENT PROTECTION	6,170,000	9,357,000	(15,527,000)	-
CHINA DYNAMICS HOLDINGS LTD	-	18,700,000	(18,700,000)	-
CHINA EASTERN AIRLINES CORP LTD H SHS	-	3,116,000	(3,116,000)	-
CHINA FIBER OPTIC NETWORK SYSTEM GROUP	-	13,000,000	(13,000,000)	-
CHINA HIGH SPEED TRANSMISSION EQUIP	-	1,734,000	(160,000)	1,574,000
CHINA LIFE INSURANCE CO LTD H SHS	-	200,000	-	200,000
CHINA LILANG CO LTD	-	3,034,000	(3,034,000)	-
CHINA LOTSYNERGY HLDGS LTD	-	9,820,000	(9,820,000)	-
CHINA MERCHANTS BANK CO LTD H SHS	-	1,150,000	(791,000)	359,000
CHINA MINSHENG BANKING CORP LTD H SHS	-	1,700,000	(1,700,000)	-
CHINA MODERN DAIRY HOLDINGS LTD	800,000	12,329,000	(13,129,000)	-
CHINA NATIONAL BUILDING MATERIAL H SHS	-	1,000,000	(1,000,000)	-
CHINA NATIONAL CULTURE GROUP	-	60,000,000	(60,000,000)	-
CHINA NEW ENERGY POWER GROUP	-	54,000,000	(29,890,000)	24,110,000
CHINA OVERSEAS LAND & INVESTMENT LIMITED	-	1,850,000	(1,050,000)	800,000
CHINA POWER INTL DEVELOPMENT LTD	-	3,000,000	(3,000,000)	-
CHINA RESOURCES CEMENT HLDG LTD	-	4,734,000	(4,734,000)	-
CHINA SANJIANG FINE CHEMICALS CO LTD	1,046,000	-	(1,046,000)	-
CHINA SHIPPING DEVELOPMENT CO LTD H SHS	-	11,666,000	(6,536,000)	5,130,000
CHINA SINGYES SOLAR TECH HLDGS LTD	5,320,000	2,882,000	(6,028,000)	2,174,000
CHINA TELECOM CORPORATION LIMITED H SHS	-	6,300,000	(6,300,000)	-
CHINA UNICOM HONG KONG LTD	-	3,140,000	(3,140,000)	-
CHINA U-TON HOLDING LTD	-	44,020,000	(4,380,000)	39,640,000

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2014**

	1 January 2014 Shares	Holdings		31 December 2014 Shares
		Additions Shares	Disposals Shares	
Listed equities				
Hong Kong				
CHINA VANKE CO LTD-H SHRS	-	762,500	(762,500)	-
CHU KONG SHIPPING ENTERPRISES	-	6,042,000	(6,042,000)	-
CITIC SECURITIES CO LTD H SHS	-	2,357,000	(1,502,000)	855,000
CL GROUP HOLDINGS LTD	-	7,000,000	-	7,000,000
COMTEC SOLAR SYSTEMS GROUP LTD	-	11,124,000	(11,124,000)	-
COOLPAD GROUP LTD	-	2,500,000	(2,500,000)	-
CULTURECOM HLDGS LTD	-	5,990,000	(5,990,000)	-
DIFFER GROUP HOLDING CO LTD	-	15,130,000	(70,000)	15,060,000
DONGFANG ELECTRIC CO LTD H SHS	-	943,600	(130,200)	813,400
ELL ENVIRONMENTAL HOLDINGS LTD	-	500,000	(500,000)	-
FREETECH ROAD RECYCLING TECH HLDGS LTD	-	3,447,000	(3,447,000)	-
FULUM GROUP HOLDINGS LTD	-	12,900,000	-	12,900,000
GCL NEW ENERGY HOLDINGS LTD	-	10,198,000	(10,198,000)	-
GCL NEW ENERGY HOLDINGS LTD-NEW	-	8,448,000	(8,448,000)	-
GCL POLY ENERGY HOLDINGS LTD ORD HKD0.1	-	6,271,000	(6,271,000)	-
GET HOLDINGS LIMITED	-	10,000,000	(10,000,000)	-
GLOBAL INTERNATIONAL CREDIT	-	4,400,000	-	4,400,000
GREATVIEW ASEPTIC PACKAGING CO LTD	6,319,000	3,572,000	(3,192,000)	6,699,000
GUANGSHEN RAILWAY CO LTD H SHARES	5,760,000	-	(5,760,000)	-
GUANGZHOU AUTOMOBILE GROUP CO LTD H SHS	-	1,584,000	(1,584,000)	-
HANG FAT GINSENG HOLDINGS CO LTD	-	2,526,000	(2,526,000)	-
HARBIN ELECTRIC CO LTD H SHS	-	2,088,000	(680,000)	1,408,000
HC INTERNATIONAL INC	-	1,952,000	(1,952,000)	-
HIN SANG GROUP INTERNATIONAL	-	1,400,000	(1,400,000)	-
HISENSE KELON ELECTRICAL HLDGS CO LTD H	3,607,000	2,955,000	(2,062,000)	4,500,000
HONG KONG EXCHANGES AND CLEARING LTD	-	335,600	-	335,600
HONG KONG FINANCE GROUP CO LTD	10,228,000	-	(10,228,000)	-
HONG WEI ASIA HOLDINGS CO LT	-	6,000,000	(6,000,000)	-
HONWORLD GROUP LTD	-	3,591,500	(2,491,500)	1,100,000
HUADIAN POWER INTERNATIONAL COMP H SHS	-	1,020,000	(1,020,000)	-
HUANENG POWER INTERNATIONAL INC H SHARES	-	3,000,000	(3,000,000)	-
HUNG FOOK TONG GROUP HOLDINGS LTD	-	100,000	(100,000)	-
JUTAL OFFSHORE OIL SERVICE	16,420,000	-	(16,420,000)	-
KINGSOFT CORP LTD	1,773,000	930,000	(2,703,000)	-
MAN WAH HOLDINGS LTD	-	1,579,600	(1,579,600)	-
NEW RAY MEDICINE INTERNATION	-	8,920,000	(8,920,000)	-
NVC LIGHTING HOLDINGS LTD	-	2,578,000	(2,578,000)	-
OI WAH PAWNSHOP CREDIT HLDGS	-	12,640,000	(336,000)	12,304,000
ON TIME LOGISTICS HOLDINGS LIMITED	-	420,000	(420,000)	-

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)
AS AT 31 DECEMBER 2014**

	1 January 2014 Shares	Holdings		31 December 2014 Shares
		Additions Shares	Disposals Shares	
Listed equities				
Hong Kong				
PARADISE ENTERTAINMENT LTD	-	2,288,000	(2,288,000)	-
PPS INTERNATIONAL HOLDINGS LTD-NEW	-	16,800,000	(16,800,000)	-
PPS INTERNATIONAL HOLDINGS LTD	-	18,050,000	(18,050,000)	-
RCG HOLDINGS LTD	-	20,000,000	(20,000,000)	-
REXLOT HLDGS LTD	-	39,500,000	(39,500,000)	-
RM GROUP HOLDINGS LTD	5,180,000	-	(2,612,000)	2,568,000
SCUD GROUP LTD	-	4,116,000	(4,116,000)	-
SEMICONDUCTOR MANUFACTURING INTL CORP	-	15,000,000	(15,000,000)	-
SHIMAO PROPERTY HOLDINGS LTD	-	388,500	(388,500)	-
SKY FOREVER SUPPLY CHAIN MAN	-	7,800,000	(7,800,000)	-
STELUX HOLDINGS INTERNATIONAL LIMITED	5,725,000	-	(5,725,000)	-
SUNCORP TECHNOLOGIES LTD	20,000,000	40,000,000	-	60,000,000
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD	-	1,614,000	(1,614,000)	-
TC ORIENT LIGHTING HLDGS LTD	-	2,000,000	(2,000,000)	-
TECH PRO TECHNOLOGY DEVELOPMENT LTD	810,000	-	(810,000)	-
TECHNOVATOR INTERNATIONAL LTD	1,000,000	-	(1,000,000)	-
TONGDA GROUP HLDGS LTD	68,170,000	39,570,000	(44,150,000)	63,590,000
TRADELINK ELECTRONIC COMMERCE LTD	3,000,000	-	(3,000,000)	-
TRIGIANT GROUP LTD	-	14,694,000	(14,694,000)	-
TRULY INTERNATIONAL HOLDINGS LTD	-	1,500,000	(1,500,000)	-
UKF HOLDINGS LTD	19,540,000	118,712,000	(38,462,000)	99,790,000
UNITED PHOTOVOLTAICS GROUP LIMITED	-	6,000,000	(6,000,000)	-
VITASOY INTERNATIONAL HOLDINGS LTD	1,194,000	-	(1,194,000)	-
VST HOLDINGS LTD	-	2,530,000	-	2,530,000
XINJIANG GOLDWIND SCIENCE & TECH H SHS	-	1,337,000	(1,337,000)	-
XINYI GLASS HLDG CO LTD	5,184,000	7,034,000	(12,218,000)	-
XINYI SOLAR HOLDINGS LTD	4,622,000	8,000,000	(12,622,000)	-
ZMFY AUTOMOBILE GLASS SERVICES	10,130,000	9,350,000	(400,000)	19,080,000
ZTE CORP H SHS	-	3,205,400	-	3,205,400
Convertible debt				
Hong Kong				
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 2014**

	% of net assets	
	2014	2013
Listed equities		
Hong Kong	99.64	92.59
Convertible debt		
Hong Kong	-	3.50
Total investments	<u>99.64</u>	<u>96.09</u>
Other net assets	<u>0.36</u>	<u>3.91</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**PERFORMANCE RECORD (UNAUDITED)****(a) Price record (Dealing NAV)**

Year	Lowest	Highest
2014	10.93	15.43
2013	8.21	12.40
2012	7.39	10.32
2011	9.46	19.05
2010	14.85	19.22
2009	<u>9.94</u>	<u>17.79</u>

(b) Total net asset value

	2014 HK\$	2013 HK\$	2012 HK\$
Total net asset value	<u>620,540,359</u>	<u>456,765,631</u>	<u>285,245,311</u>

(c) Net asset value per unit

Net asset value per unit	<u>11.36</u>	<u>12.39</u>	<u>9.05</u>
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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
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