

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2015**

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

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## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### MANAGER'S REPORT

#### Market Review

In the first half of 2015, Hong Kong stock market surged along with A share market mainly driven by the southbound influx and China's expansionary monetary policy. However, the two markets experienced a panic sell-off in June, which was triggered by A share market deleveraging beginning with CSRC's investigation into the unregulated margin financing. Later on, the Chinese authorities intensely launched massive stock market rescue measures. Yet the market crash sustained until the end of the year given weak investor confidence, concerns about China's economic growth slowdown and RMB depreciation right after the market-oriented reforms of RMB exchange rate system on August 11. Moreover, falling commodity prices and uncertainty over the timing of the first increase in U.S. interest rates also put pressure on the markets.

During the market rally, the Fund recorded favourable returns by investing in policy beneficiaries. Then the Fund rebalanced the investment portfolio amid market sharp correction, selling small and mid-cap stocks with high volatility and switching to defensive mid-cap market leaders and blue chips. As a result, the Fund outperformed the market and managed to realize positive return of 5.89% compared with -3.87% for HSI and -16.82% for HSCEI in 2015.

#### Economic Review

In 2015, China's GDP growth slowed to 6.9%, mainly due to the decline in fixed-asset investment and exports. On the policy front, the PBoC cut the benchmark interest rates by 125 bps and the reserve requirement ratio (RRR), by 250 bps in total, and removed the ceiling on deposit rates. More importantly, IMF approved the inclusion of RMB in its SDR basket, effective from October 1, 2016. This was an important milestone of RMB internationalization. On the other hand, the Ministry of Finance approved 3.2 trillion yuan full year quota for the local governments to replace their existing debts with new bonds to save billions in interest costs. In the overseas market, The Federal Reserve finally announced to raise the federal funds rate by 25 bps in December, which signalled the start of a rate-hike cycle. In addition, the ECB officially launched its large-scale QE program to buy €60 billion in assets per month starting in March 2015 and extended the scheme to March 2017 with a broader range afterwards.

#### Market Outlook and Investment Strategy

Looking forward, we are cautiously positive on Chinese stock markets given the cheap valuation. Moreover, President Xi committed that China's annual economic growth should be no less than 6.5% in the next five years to realize the goal to double 2010 GDP and per capita income by 2020. The Central Economic Work Conference listed five major economic tasks for 2016, namely cutting industrial capacity, destocking, de-leveraging, lowering corporate costs and improving weak link. It also emphasized structural reforms on the supply side, and explicitly stated to cut taxes and raise fiscal deficit ratio gradually. It is widely expected that China will continue to slash interest rates and universal RRR in 2016 to stabilize the economic growth. The Fund will continue to focus on policy beneficiaries to offer investors favourable returns in the mid-long term.

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

## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND (“THE FUND”)**

### **TRUSTEE’S REPORT**

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 2015.

)  
)  
) 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 22 which comprise the statement of financial position as at 31 December 2015, 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 2015, 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, 13 April 2016

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	Note	2015 HK\$	2014 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Investments	5	699,333,740	618,273,670
Amounts due from brokers		702,855	10,353,393
Amounts due from unitholders on subscription of units		737,071	956,828
Cash and cash equivalents	6 (b)	13,113,542	13,120,515
<b>Total assets</b>		<u>713,887,208</u>	<u>642,704,406</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts due to unitholders on redemption of units		619,002	1,734,711
Amounts due to brokers		-	19,107,408
Other payables	6	1,410,620	1,321,928
<b>Total liabilities</b>		<u>2,029,622</u>	<u>22,164,047</u>
<b>Net assets attributable to unitholders</b>		<u>711,857,586</u>	<u>620,540,359</u>
<b>Total number of units in issue</b>	8	<u>59,145,932</u>	<u>54,616,389</u>
<b>Net asset value per unit</b>		<u>12.04</u>	<u>11.36</u>

Approved by the Trustee and the Manager on 13 April 2016.

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

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

The accompanying notes on page 9 to 22 are an integral part of these financial statements.

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 HK\$	2014 HK\$
Dividend income		12,603,282	13,620,335
Net losses on investments	3	(54,035,531)	(71,779,177)
Net foreign exchange losses		(70)	(292)
Other losses		-	(537)
<b>Net investment losses</b>		<u>(41,432,319)</u>	<u>(58,159,671)</u>
Brokerage commission and other transaction costs		(14,939,314)	(11,079,449)
Management fees	6(a)	(13,711,192)	(11,726,491)
Trustee fees	6(c)	(1,305,149)	(1,191,738)
Transaction fees	6(c)	(438,432)	(301,307)
Auditors' remuneration		(200,474)	(198,805)
Safe custody and bank charges		(229,382)	(198,628)
Miscellaneous expenses		(159,401)	(96,985)
<b>Operating expenses</b>		<u>(30,983,344)</u>	<u>(24,793,403)</u>
<b>Loss before taxation</b>		(72,415,663)	(82,953,074)
Taxation	4	(57,423)	(34,595)
<b>Total comprehensive loss for the year</b>		<u><u>(72,473,086)</u></u>	<u><u>(82,987,669)</u></u>

The accompanying notes on page 9 to 22 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 2015**

	2015 HK\$	2014 HK\$
<b>Balance at beginning of 1 January</b>	620,540,359	456,765,631
	-----	-----
<b>Total comprehensive loss for the year</b>	(72,473,086)	(82,987,669)
	-----	-----
<b>Transactions with unitholders recorded directly in equity</b>		
Proceeds from issue of units	607,526,840	484,888,893
Payments on redemption of units	(443,736,527)	(238,126,496)
	-----	-----
Total transactions with unitholders	163,790,313	246,762,397
	-----	-----
Balance at end of 31 December	711,857,586	620,540,359
	=====	=====

The accompanying notes on page 9 to 22 are an integral part of these financial statements.

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 HK\$	2014 HK\$
<b>Cash flows from operating activities</b>		
Dividend received	12,603,282	13,620,335
Payments on purchase of investments	(2,068,754,640)	(1,543,372,717)
Proceeds from sale of investments	1,926,830,398	1,309,526,474
Proceeds from derivative financial instruments	(2,539,350)	-
Brokerage commission and other transaction costs paid	(15,028,194)	(11,051,103)
Management fees paid	(13,638,426)	(11,415,797)
Trustee fees paid	(1,300,959)	(1,172,838)
Transaction fee paid	(423,397)	(286,683)
Auditor's remuneration paid	(194,267)	(188,060)
Safe custody and bank charges paid	(226,867)	(183,082)
Miscellaneous expenses paid	(171,491)	(85,315)
Tax paid	(57,423)	(34,595)
<b>Net cash used in operating activities</b>	<b>(162,901,334)</b>	<b>(244,643,381)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	607,746,597	493,863,492
Payments on redemption of units	(444,852,236)	(242,422,035)
<b>Net cash generated from financing activities</b>	<b>162,894,361</b>	<b>251,441,457</b>
<b>Net increase in cash and cash equivalents</b>	<b>(6,973)</b>	<b>6,798,076</b>
<b>Cash and cash equivalents at 1 January</b>	<b>13,120,515</b>	<b>6,322,439</b>
<b>Cash and cash equivalents at 31 December</b>	<b>13,113,542</b>	<b>13,120,515</b>

The accompanying notes on page 9 to 22 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, as amended, supplemented and restated, 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 (“HK\$”).

The financial statements have been prepared on the historical cost basis except for financial assets 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 2015 and have been adopted**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a material impact on the Fund

##### **(d) New standards, amendments and interpretations effective after 1 January 2015 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.

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

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

The subscriptions and redemptions of the redeemable units denominated in 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.

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

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

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

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

###### **(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) Measurement**

Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all investments are measured at fair value. Realised and unrealised gains and losses on investments are recognised in the statement of comprehensive income in the year in which they arise.

###### **(iv) 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 losses on investments

	2015 HK\$	2014 HK\$
Net losses on investments		
- Realised (losses)/ gains	(58,367,485)	13,948,411
- Change in unrealized gains/ (losses)	4,331,954	(85,727,588)
	<hr/>	<hr/>
Total net losses	<u>(54,035,531)</u>	<u>(71,779,177)</u>



## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

#### 4 Taxation

Taxation in the statement of comprehensive income represents:

	2015 HK\$	2014 HK\$
Overseas withholding tax	<u>57,423</u>	<u>34,595</u>

No provision for Hong Kong profits tax has been made in the financial statements as the Fund is exempt from taxation under section 26A(IA) 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

	2015 HK\$	2014 HK\$
Designated at fair value through profit or loss at inception - Equities	<u>699,333,740</u>	<u>618,273,670</u>
Total financial assets at fair value through profit or loss	<u>699,333,740</u>	<u>618,273,670</u>
Equities listed in Hong Kong	<u>699,333,740</u>	<u>618,273,670</u>
Total	<u>699,333,740</u>	<u>618,273,670</u>
Investments, at cost	683,335,836	606,607,721
Net unrealised appreciation in value of investments	<u>15,997,904</u>	<u>11,665,949</u>
Investments, at market value	<u>699,333,740</u>	<u>618,273,670</u>

#### 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:

	2015 HK\$	2014 HK\$
Management fees charged for the year	13,711,192	11,726,491
Management fees payable at year end	1,052,634	979,868

## 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\$13,113,542 as at 31 December 2015 (2014: HK\$13,120,515). There was no margin deposit as at 31 December 2015 (2014: nil). No interest income was earned from these bank balances during the year (2014: 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:

	2015 HK\$	2014 HK\$
Trustee's fees charged for the year	1,305,149	1,191,738
Trustee's fees payable at year end	105,460	101,270

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:

	2015 HK\$	2014 HK\$
Transaction fees charged for the year	438,432	301,307
Transaction fees payable at year end	52,677	37,644

##### (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:

	2015 HK\$	2014 HK\$
Total aggregate value of transactions executed during the year	137,977,246	59,660,836
Commission paid during the year	345,387	149,153
Average rate of commission	0.25%	0.25%
Percentage of these transactions in value to total transactions of the year	2.86%	2.08%

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

As at 31 December 2015, the Manager and a related company of the Manager, CCB International (Holdings) Limited, hold 2,338,270 and 19,999,999 (2014: 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

	2015 HK\$	2014 HK\$
Number of units in issue brought forward	54,616,389	36,861,602
Units issued during the year	36,953,585	35,424,373
Units redeemed during the year	(32,424,042)	(17,669,586)
	<hr/>	<hr/>
Number of units in issue as at 31 December	59,145,932	54,616,389
	<hr/>	<hr/>

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 2015 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.

		2015		2014	
		Change in net assets if equity price changes by 5% +/-		Change in net assets if equity price changes by 5% +/-	
		HK\$		HK\$	
Market exposure					
Listed equities	699,333,740	+/- 34,966,687	618,273,670	+/- 30,913,684	

##### (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 2015 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 2015, 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+ (2014: 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 2015, the Fund's financial assets and liabilities are due within three months.

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

At 31 December 2015, one of the unitholders represented around 34% (2014: 37%) 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

The following table analyses within the fair value hierarchy the Fund's assets and liabilities (by class) measured at fair value at 31 December 2015. 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 2015	Level 1 HK\$	Level 2 HK\$	Total HK\$
<b>Investments</b>			
Listed equities			
Bermuda			
Industrial	13,680,000	-	13,680,000
Cayman Islands			
Communications	63,795,800	-	63,795,800
Consumer, Cyclical	54,975,840	-	54,975,840
Consumer, Non-cyclical	67,818,000	-	67,818,000
Financials	122,950,700	-	122,950,700
Industrials	150,297,020	-	150,297,020
Technology	76,038,000	-	76,038,000
China			
Industrials	1,807,480	-	1,807,480
Utilities	103,933,100	-	103,933,100
Hong Kong			
Financials	27,852,800	-	27,852,800
Industrials	16,185,000	-	16,185,000
Total investments	<u>699,333,740</u>	<u>-</u>	<u>699,333,740</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 2014. 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 2014	Level 1 HK\$	Level 2 HK\$	Total HK\$
<b>Investments</b>			
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	618,273,670	-	618,273,670

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

#### 10 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.

#### 11 Approval of the financial statements

The financial statements were approved and authorised for issue by the Trustee and the Manager on 13 April 2016.



**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**PORTFOLIO STATEMENT (UNAUDITED)  
AS AT 31 DECEMBER 2015**

	Holdings Shares	Market value HK\$	% of NAV
<b>Listed equities</b>			
<b>Hong Kong</b>			
ASIA CASSAVA RESOURCES HOLDING	10,700,000	8,346,000	1.17
BLOOMAGE BIOTECHNOLOGY CORPORATION	3,097,500	59,472,000	8.36
CGN POWER CO LTD-H	19,839,000	57,533,100	8.08
CHIHO-TIANDE GROUP LTD	3,504,000	18,115,680	2.54
CHINA 33 MEDIA GROUP LTD	189,700,000	19,728,800	2.77
CHINA EVERBRIGHT INTERNATIONAL	1,625,000	16,185,000	2.27
CHINA LESSO GROUP HOLDINGS LTD	3,574,000	19,335,340	2.72
CHINA OVERSEAS LAND AND INVESTMENT LIMITED	1,024,000	27,852,800	3.91
CHINA U-TON HOLDING LTD	39,700,000	44,067,000	6.19
DIFFER GROUP HOLDING CO LTD	54,160,000	66,075,200	9.28
FUTURE BRIGHT MINING HOLDING	3,400,000	9,826,000	1.38
GREATVIEW ASEPTIC PACKAGING CO LTD	6,480,000	22,744,800	3.20
HUANENG RENEWABLES CORP LTD H SHS	20,000,000	46,400,000	6.52
ICO GROUP LTD	20,000,000	17,200,000	2.42
INTIME RETAIL GROUP CO LTD	3,006,000	22,965,840	3.23
KINGSOFT CORP LTD	3,100,000	58,838,000	8.27
L & A INTERNATIONAL HOLDINGS	8,000,000	20,880,000	2.93
OI WAH PAWNSHOP CREDIT HOLDINGS	114,900,000	56,875,500	7.99
SINOREF HLDGS WTS 31DEC2046	8,000,000	200,000	0.03
SINOREF HOLDINGS LTD	40,000,000	13,000,000	1.83
TONGDA GROUP HOLDINGS LIMITED	48,960,000	67,075,200	9.42
VST HOLDINGS LTD	5,300,000	11,130,000	1.56
WLS HOLDINGS LTD	38,000,000	13,680,000	1.92
ZHEJIANG TENGY ENVIRONMENTAL	247,600	1,807,480	0.25
<b>Total listed equities</b>		699,333,740	98.24
<b>Other net assets</b>		12,523,846	1.76
<b>Total net assets</b>		711,857,586	100.00
<b>Total cost of investments</b>		683,335,836	

# CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

## STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) AS AT 31 DECEMBER 2015

	1 January	Holdings		31 December
	2015	Additions	Disposals	2015
	Shares	Shares	Shares	Shares
<b>Listed equities</b>				
<b>Hong Kong</b>				
ANTON OILFIELD SERVICES GROUP	-	5,384,000	5,384,000	-
ASIA CASSAVA RESOURCES HOLDING	-	19,762,000	9,062,000	10,700,000
AVIC INTL HLDG HK LTD	-	19,804,000	19,804,000	-
BAOXIN AUTO GROUP LTD	-	8,985,500	8,985,500	-
BLOOMAGE BIOTECHNOLOGY CORPORATION	3,097,500	-	-	3,097,500
CARNIVAL GROUP INTERNATIONAL H	-	20,000,000	20,000,000	-
CGN NEW ENERGY HOLDINGS CO LTD	-	13,038,000	13,038,000	-
CGN POWER CO LTD-H	-	19,839,000	-	19,839,000
CHIHU-TIANDE GROUP LTD	-	5,700,000	2,196,000	3,504,000
CHINA 33 MEDIA GROUP LTD	-	200,000,000	10,300,000	189,700,000
CHINA AGRI-INDUSTRIES HOLDINGS LTD	-	2,573,000	2,573,000	-
CHINA DONGXIANG GROUP CO	-	3,344,000	3,344,000	-
CHINA ENVIRONMENTAL ENERGY	-	49,880,000	49,880,000	-
CHINA EVERBRIGHT INTERNATIONAL LTD	-	1,625,000	-	1,625,000
CHINA GALAXY SECURITIES COMPANY	-	3,885,500	3,885,500	-
CHINA HIGH SPEED TRANSMISSION EQUIPMENT GROUP CO LTD	1,574,000	-	1,574,000	-
CHINA LESSO GROUP HOLDINGS LTD	-	3,574,000	-	3,574,000
CHINA LIFE INSURANCE CO LTD H SHS	200,000	800,000	1,000,000	-
CHINA LNG GROUP LTD	-	16,785,000	16,785,000	-
CHINA LONGYUAN POWER GROUP CORP H SHS	-	3,917,000	3,917,000	-
CHINA MERCHANTS BANK CO LTD H SHS	359,000	700,000	1,059,000	-
CHINA MINSHENG BANKING CORP LTD H SHS	-	6,100,000	6,100,000	-
CHINA MODERN DAIRY HOLDINGS LTD	-	7,259,000	7,259,000	-
CHINA NEW ENERGY POWER GROUP	24,110,000	-	24,110,000	-
CHINA OVERSEAS GRAND OCEANS GROUP LTD	-	2,363,000	2,363,000	-
CHINA OVERSEAS LAND AND INVESTMENT LIMITED	800,000	3,600,000	3,376,000	1,024,000
CHINA RAILWAY CONSTRUCTION CORP H SHS	-	3,980,500	3,980,500	-
CHINA RAILWAY GROUP LTD H SHS	-	9,061,000	9,061,000	-
CHINA SHIPPING DEVELOPMENT CO LTD H SHS	5,130,000	1,326,000	6,456,000	-
CHINA SINGYES SOLAR TECH HLDGS LTD	2,174,000	4,658,000	6,832,000	-
CHINA TRAVEL INTERNATIONAL INVESTMENT HONG KONG LIMITED	-	6,620,000	6,620,000	-
CHINA UNICOM HONG KONG LTD	-	2,200,000	2,200,000	-
CHINA U-TON HOLDING LTD	39,640,000	3,925,000	3,865,000	39,700,000
CHINA VANKE CO LTD-H SHRS	-	2,190,200	2,190,200	-
CHINA ZENITH CHEMICAL GROUP LTD	-	30,000,000	30,000,000	-
CHINA ZHENG TONG AUTO SERVICES HOLDINGS LTD	-	1,942,000	1,942,000	-
CHINAYONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED	-	1,416,000	1,416,000	-
CHUN SING ENGINEERING HOLDING	-	6,250,000	6,250,000	-
CITIC SECURITIES CO LTD H SHS	855,000	-	855,000	-

# CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

## STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2015

	1 January 2015 Shares	Holdings		31 December 2015 Shares
		Additions Shares	Disposals Shares	
<b>Listed equities</b>				
<b>Hong Kong</b>				
CL GROUP HOLDINGS LTD	7,000,000	-	7,000,000	-
CRRC CORPORATION LIMITED- H SHS	-	5,355,000	5,355,000	-
D&G TECHNOLOGY HOLDING CO LTD	-	1,000,000	1,000,000	-
DIFFER GROUP HOLDING CO LTD	15,060,000	60,735,000	21,635,000	54,160,000
DONGFANG ELECTRIC CO LTD H SHS	813,400	-	813,400	-
ELL ENVIRONMENTAL HOLDINGS LTD	-	6,965,000	6,965,000	-
EPRINT GROUP LTD	-	3,000,000	3,000,000	-
EVA PRECISION INDUSTRIAL HOLDINGS LTD	-	5,000,000	5,000,000	-
FOOD IDEA HOLDINGS LTD	-	138,000,000	138,000,000	-
FULUM GROUP HOLDINGS LTD	12,900,000	-	12,900,000	-
FUTURE BRIGHT MINING HOLDING	-	3,400,000	-	3,400,000
GLOBAL INTERNATIONAL CREDIT	4,400,000	-	4,400,000	-
GREATVIEW ASEPTIC PACKAGING CO LTD	6,699,000	1,279,000	1,498,000	6,480,000
HAIER ELECTRONICS GP COM LTD	-	559,000	559,000	-
HAITONG INTERNATIONAL SECURITIES GROUP	-	1,666,000	1,666,000	-
HARBIN ELECTRIC COMPANY LIMITED H SHS	1,408,000	-	1,408,000	-
HC INTERNATIONAL INC	-	1,718,000	1,718,000	-
HISENSE KELON ELECTRICAL HLDGS CO LTD H	4,500,000	-	4,500,000	-
HONG KONG BUILDING & LOAN	-	27,200,000	27,200,000	-
HONG KONG EXCHANGES AND CLEARING LTD	335,600	270,000	605,600	-
HONWORLD GROUP LTD	1,100,000	-	1,100,000	-
HUANENG RENEWABLES CORP LTD H SHS	-	20,000,000	-	20,000,000
ICO GROUP LTD	-	20,000,000	-	20,000,000
INTIME RETAIL GROUP CO LTD	-	3,174,000	168,000	3,006,000
KINGDEE INTERNATIONAL SOFTWARE GROUP CO LTD	-	3,452,000	3,452,000	-
KING'S FLAIR INTERNATIONAL H	-	2,500,000	2,500,000	-
KINGSOFT CORP LTD	-	5,740,000	2,640,000	3,100,000
KUNLUN ENERGY CO LTD	-	2,400,000	2,400,000	-
L & A INTERNATIONAL HOLDINGS	-	8,000,000	-	8,000,000
LUXEY INTERNATIONAL HLDGS LTD	-	37,000,000	37,000,000	-
NATIONAL AGRICULTURAL HOLDINGS	-	3,950,000	3,950,000	-
OI WAH PAWNSHOP CREDIT HOLDINGS	12,304,000	109,140,000	6,544,000	114,900,000
PETROCHINA COMPANY LIMITED H SHARES	-	1,000,000	1,000,000	-
PICC PROPERTY AND CASUALTY COMPANY LIMITED H SHARES	-	1,400,000	1,400,000	-
PPS INTERNATIONAL HOLDINGS LTD	-	35,000,000	35,000,000	-
RM GROUP HOLDINGS LTD	2,568,000	-	2,568,000	-
SANDS CHINA LTD	-	579,200	579,200	-
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LTD	-	8,476,000	8,476,000	-

# CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

## STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED) AS AT 31 DECEMBER 2015

	1 January 2015 Shares	Holdings Additions Shares	Disposals Shares	31 December 2015 Shares
<b>Listed equities</b>				
<b>Hong Kong</b>				
SHIMAO PROPERTY HOLDINGS LTD	-	743,000	743,000	-
SINOREF HLDGS WTS 31DEC2046	-	8,000,000	-	8,000,000
SINOREF HOLDINGS LTD	-	40,000,000	-	40,000,000
SKYWORTH DIGITAL HOLDINGS LIMITED	-	2,228,000	2,228,000	-
SMARTAC GROUP CHINA HOLDINGS	-	16,000,000	16,000,000	-
SUN HUNG KAI AND CO LTD	-	270,000	270,000	-
SUN INTERNATIONAL RESOURCES	-	23,000,000	23,000,000	-
SUNCORP TECHNOLOGIES LIMITED	60,000,000	-	60,000,000	-
TENCENT HLDGS LTD	-	327,000	327,000	-
TEXWINCA HOLDINGS LIMITED	-	200,000	200,000	-
TIANYUN INTERNATIONAL HOLDINGS	-	7,000,000	7,000,000	-
TIME2U INTERNATIONAL HOLDING	-	9,090,000	9,090,000	-
TONGDA GROUP HOLDINGS LIMITED	63,590,000	30,820,000	45,450,000	48,960,000
TRULY INTERNATIONAL HOLDINGS LTD	-	2,558,000	2,558,000	-
UKF HOLDINGS LTD	99,790,000	2,430,000	102,220,000	-
VALUE CONVERGENCE HOLDINGS LTD	-	192,000	192,000	-
VIVA CHINA HLDGS LTD	-	10,000,000	10,000,000	-
VST HOLDINGS LTD	2,530,000	2,870,000	100,000	5,300,000
WLS HOLDINGS LTD/HONG KONG	-	38,000,000	-	38,000,000
XIAMEN INTERNATIONAL PORT COMPANY LIMITED - H SHS	-	5,000,000	5,000,000	-
XINYI SOLAR HOLDINGS LTD	-	8,132,000	8,132,000	-
YAT SING HOLDINGS LTD	-	4,000,000	4,000,000	-
ZHEJIANG CHANGAN RENHENG T-H	-	10,000	10,000	-
ZHEJIANG TENGZY ENVIRONMENTAL T	-	913,000	665,400	247,600
ZHONGSHENG GROUP HOLDINGS LTD	-	5,046,000	5,046,000	-
ZMFY AUTOMOBILE GLASS SERVICES LTD	19,080,000	-	19,080,000	-
ZOOMLION HEAVY INDUSTRY SCIENCE AND TECHNOLOGY CO LTD H SHS	-	4,546,400	4,546,400	-
ZTE CORP H SHS	3,205,400	-	3,205,400	-
ZUOLI KECHUANG MICRO-FINAH-H	-	500,000	500,000	-

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND****STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	% of net assets	
	2015	2014
<b>Listed equities</b>		
Hong Kong	98.24	99.64
<b>Total investments</b>	98.24	99.64
<b>Other net assets</b>	1.76	0.36
<b>Total net assets</b>	100.00	100.00

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**PERFORMANCE RECORD (UNAUDITED)**

<b>(a) Price record (Dealing NAV)</b>		Lowest	Highest
Year			
2015		10.86	18.82
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		9.94	17.79
		<u>          </u>	<u>          </u>
<b>(b) Total net asset value</b>			
	2015	2014	2013
	HK\$	HK\$	HK\$
Total net asset value	711,857,586	620,540,359	456,765,631
	<u>          </u>	<u>          </u>	<u>          </u>
<b>(c) Net asset value per unit</b>			
Net asset value per unit	12.04	11.36	12.39
	<u>          </u>	<u>          </u>	<u>          </u>

## **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

#### **Trustee and registrar**

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

#### **Legal Advisers**

Clifford Chance  
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