

**REPORTS AND FINANCIAL STATEMENTS**

**CCBI GLOBAL PREMIUM SELECTION FUND  
(A SUB-FUND OF CCB INTERNATIONAL INVESTMENT  
FUND SERIES)**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF  
COMMENCEMENT OF OPERATIONS) TO 31ST  
DECEMBER 2017**

**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
TO 31ST DECEMBER 2017**

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## **CCB INTERNATIONAL INVESTMENT FUND SERIES**

### **ADMINISTRATION AND MANAGEMENT**

#### **Manager**

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

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

Bai Yue (appointed on 17 January 2011)  
Hung Yat (appointed on 01 December 2017)  
Li Ngai (appointed on 12 November 2007)  
Lo Chak Bong Alfred Bing (appointed on 23 December 2008)  
Rattiwat Samson (appointed on 03 November 2008 and resigned on 01 December 2017)

#### **Trustee**

ICBC (Asia) Trustee Company Limited  
33/F, ICBC Tower  
3 Garden Road  
Central  
Hong Kong

#### **Custodian**

Industrial and Commercial Bank of China (Asia) Limited  
33/F, ICBC Tower  
3 Garden Road  
Central  
Hong Kong

#### **Registrar and Transfer Agent**

Brown Brothers Harriman (Luxembourg) S.C.A.  
80 route d` Esch, L1470  
Luxembourg

#### *Registrar Representative in Hong Kong*

13/F Man Yee Building  
68 Des Voeux Road  
Central,  
Hong Kong

#### **Auditor**

Ernst & Young  
22nd Floor, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

## **CCB INTERNATIONAL INVESTMENT FUND SERIES**

### **REPORT OF THE TRUSTEE**

We hereby confirm that, in our opinion, the Manager, CCB International Asset Management Limited, has, in all material respects, managed CCB International Investment Fund Series for the period from 13th June 2017 (date of commencement of operations) to 31st December 2017 in accordance with the provisions of the Trust Deed dated 28th November 2014 and the supplemental deed dated 24th March 2016.

On behalf of  
ICBC (Asia) Trustee Company Limited, the Trustee

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24 April 2018

## **CCB INTERNATIONAL INVESTMENT FUND SERIES**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE AND THE MANAGER OF CCB INTERNATIONAL INVESTMENT FUND SERIES (THE "FUND")**

#### **Report on the Financial Statements**

##### **Opinion**

We have audited the financial statements of CCBI Global Premium Selection Fund (the "Sub-Fund" of CCB International Investment Fund Series) set out on page 7 to 34, which comprise the statement of financial position as at 31st December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period from 13th June 2017 (date of commencement of operations) to 31st December 2017, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view, in all material respects, of the financial position of the Sub-Fund as at 31st December 2017, and of its financial performance and its cash flows for the period from 13th June 2017 (date of commencement of operations) to 31st December 2017, in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

##### **Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Sub-Fund in accordance with the *HKICPA's Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

##### **Other information in the Annual Report**

The Manager and the Trustee of the Sub-Fund are responsible for the other information. The other information comprises the information included in this Annual Report, other than the financial statements and our auditor's report thereon (the "Other Information").

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information; we are required to report that fact. We have nothing to report in this regard.

## **CCB INTERNATIONAL INVESTMENT FUND SERIES**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE AND THE MANAGER OF CCB INTERNATIONAL INVESTMENT FUND SERIES (THE "FUND") (CONTINUED)**

#### **Responsibilities of Manager and the Trustee for the Financial Statements**

The Manager and the Trustee of the Sub-Fund are responsible for the preparation of the financial statements that give a true and fair view, in all material respects, in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Manager and the Trustee determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and the Trustee are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and the Trustee either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed of the Sub-fund dated 28th November 2014 as amended by the supplemental deed dated 24th March 2016 (the "Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds ("the SFC Code") issued by the Hong Kong Securities and Futures Commission.

The Manager and the Trustee are responsible for overseeing the Sub-Fund's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

## **CCB INTERNATIONAL INVESTMENT FUND SERIES**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE AND THE MANAGER OF CCB INTERNATIONAL INVESTMENT FUND SERIES (THE "FUND") (CONTINUED)**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and, obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager and the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Sub-Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Manager and the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager and the Trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEE AND THE MANAGER OF  
CCB INTERNATIONAL INVESTMENT FUND SERIES (THE "FUND")  
(CONTINUED)**

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

From the matters communicated with the Manager and the Trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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 disclosure requirements specified in Appendix E to the SFC Code.

Ernst & Young  
Certified Public Accountants  
Hong Kong  
24 April 2018



**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**STATEMENT OF NET ASSETS**

**AS AT 31ST DECEMBER 2017**

	Notes	<u>CCBI Global</u> <u>Premium Selection Fund</u> 2017 HK\$
<b>ASSETS</b>		
<b>Current assets</b>		
Financial assets at fair value through profit or loss	6	121,530,492
Interest and Dividend receivable		473,027
Prepayments		5,219
Cash and cash equivalents	7(c)	6,339,172
<b>Total assets</b>		<u>128,347,910</u> -----
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Management fee payable	4(a)	85,878
Trustee fee payable	4(b)	60,000
Organisation costs payable		543,041
Accrued expenses and other payables		171,054
<b>Total liabilities</b>		<u>859,973</u> =====
<b>EQUITY</b>		
Net assets attributable to unitholders	8	<u>127,487,937</u> =====

The notes on pages 13 to 34 form an integral part of these financial statements.

**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**STATEMENT OF NET ASSETS (CONTINUED)**

**AS AT 31ST DECEMBER 2017**

	Note	<u>CCBI Global</u> <u>Premium Selection Fund</u> 2017 HK\$
<b>Units in issue</b>		
Class A	8	-
Class B	8	1,200,000
<b>Net asset value as at 31st December attributable to</b>		
Class A	8	-
Class B	8	127,487,937
		<hr/>
		127,487,937
		<hr/> <hr/>
<b>Net asset value per unit</b>		
Class A		-
Class B		106.24
		<hr/> <hr/>

.....  
Trustee  
ICBC (ASIA) TRUSTEE  
COMPANY LIMITED

.....  
Manager  
CCB INTERNATIONAL ASSET  
MANAGEMENT LIMITED

The notes on pages 13 to 34 form an integral part of these financial statements.

**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

	Notes	CCBI Global Premium Selection Fund For the period from 13th June 2017 (date of commencement of operations) to 31st December 2017 HK\$
<b>INCOME</b>		
Dividend income		905,457
Interest income on bank deposits		1,940
Net gains on financial assets at fair value through profit or loss	6	8,593,006
Net exchange gains		189,693
<b>Total income</b>		<u>9,690,096</u>
<b>EXPENSES</b>		
Management fee	4(a)	(544,351)
Trustee fee	4(b)	(134,436)
Custodian fee	4(c)	(2,542)
Professional fees		(23,977)
Auditor's remuneration		(155,994)
Transaction handling fee		(91,741)
Organisation costs	8	(1,154,210)
Registrar and transfer fee		(3,500)
Other operating expenses		(34,860)
<b>Total expenses</b>		<u>(2,145,611)</u>
<b>Net income before tax</b>		7,544,485
Withholding tax	5	(56,548)
<b>Profit and total comprehensive income</b>		<u><u>7,487,937</u></u>

The notes on pages 13 to 34 form an integral part of these financial statements.

**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

	<u>CCBI Global</u> <u>Premium Selection Fund</u> For the period from 13th June 2017 (date of commencement of operations) to 31st December 2017 HK\$
<b>Balance at the beginning of the period</b>	-
Proceeds from issue of units	120,000,000
Net subscription	120,000,000
Profit and total comprehensive income	7,487,937
<b>Balance at the end of the period</b>	<u>127,487,937</u>

The notes on pages 13 to 34 form an integral part of these financial statements.

**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

	<u>CCBI Global</u> <u>Premium Selection Fund</u> For the period from 13th June 2017 (date of commencement of operations) to 31st December 2017 HK\$
<b>Cash flows from operating activities</b>	
Net Income before tax	7,487,937
Adjustments for:	
Interest income on bank deposits	(1,940)
Dividend income	(905,457)
Net gains on financial assets at fair value through profit or loss	(8,593,006)
Payments on purchase of financial assets through profit or loss	(133,560,294)
Proceeds from sales of financial assets through profit or loss	20,622,808
Withholding tax	56,548
	<hr/>
	(114,893,404)
Working capital adjustments:	
Increase in prepayments	(5,219)
Increase in organisation costs payable	543,041
Increase in management fees payable	85,878
Increase in trustee fees payable	60,000
Increase accrued expenses and other payables	171,054
	<hr/>
<b>Net cash used in operations</b>	(114,038,650)
Interest received	1,940
Dividend received (net of withholding tax)	375,882
	<hr/>
<b>Net cash used in operating activities</b>	(113,660,828) <hr/>

The notes on pages 13 to 34 form an integral part of these financial statements.

**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**STATEMENT OF CASH FLOWS (CONTINUED)**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

	Note	<u>CCBI Global</u> <u>Premium Selection Fund</u> For the period from 13th June 2017 (date of commencement of operations) to 31st December 2017 HK\$
<b>Cash flows from financing activities</b>		
Proceeds from issue of units		120,000,000
<b>Net cash from financing activities</b>		120,000,000
		-----
Net increase in cash and cash equivalents		6,339,172
Cash and cash equivalents at beginning of the period		-
<b>Cash and cash equivalents at end of the period</b>		6,339,172
		=====
<b>Analysis of balances of cash and cash equivalents:</b>		
Cash at bank	7(c)	6,339,172
		-----
		6,339,172
		=====

The notes on pages 13 to 34 form an integral part of these financial statements.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017

##### 1 The Fund and the Sub-Fund

CCB International Investment Fund Series (the “Fund”) is a unit trust which is governed by its trust deed dated 28 November 2014, among CCB International Asset Management Limited as the Manager (the “Manager”), and ICBC (Asia) Trustee Company Limited as the Trustee (the “Trustee”). It is established under and governed by the laws of Hong Kong.

The Fund is an umbrella unit trust. Currently, there is 1 sub-fund launched during the period from 13th June 2017 (date of commencement of operations) to 31st December 2017.

The respective dates of inception of the sub-fund (the “Sub-Fund”) are as follows:

<u>Sub-Fund</u>	<u>Date of commencement of operations</u>
CCBI Global Premium Selection Fund <sup>1</sup>	13th June 2017

<sup>1</sup> First financial period ended 31st December 2017

On 13th June 2017, CCB International Investment Fund Series launched CCBI Global Premium Selection Fund which the units are denominated in HKD.

Two classes of units, namely Class A Units and Class B Units, are available for the Sub-Fund. For the period from 13th June 2017 (date of commencement of operations) to 31st December 2017, only Class B Units were issued.

The Manager may in future request the Trustee to create additional Sub-Fund or issue additional classes of units in relation to the Sub-Fund. Class A Units and Class B Units are subject to different initial charges, redemption charges, switching fees and servicing fees.

The Sub-Fund is an open-ended unit trust and is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under Section 104(1) of the Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds (the “SFC Code”) established by the SFC.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017

## 2 Summary of significant accounting policies

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

### (a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKAS”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E to the SFC Code.

The financial statements have been prepared under the historical cost convention, except for financial assets and liabilities (including derivative financial instruments) classified as at fair value through profit or loss that have been measured at fair value. The financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest dollar except when otherwise indicated.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager to exercise their judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

All references to net assets throughout the financial statements refer to net assets attributable to unitholders unless otherwise stated.

The Sub-Fund has adopted all the HKFRS for the first time for the current period's financial statements that is relevant to the Sub-Fund:

New standards, amendments and interpretations which are relevant to the Sub-Fund and effective for the financial year after 1st January 2018 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1st January 2018, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Sub-Fund except the following set out below.

In September 2014, the HKICPA issued the final version of HKFRS 9 “Financial instruments”, bringing together all phases of the financial instruments project to replace HKAS 39 “Financial Instruments: Recognition and Measurement” and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Sub-Fund will adopt HKFRS 9 from 1st January 2018. The Sub-Fund will not restate comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018. During 2017, the Manager has performed a detailed assessment of the impact of the adoption of HKFRS 9.



## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
TO 31ST DECEMBER 2017**

#### **2 Summary of significant accounting policies (Continued)**

##### **(a) Basis of preparation (Continued)**

The expected impacts arising from the adoption of HKFRS 9 relate to the classification and measurement and the impairment requirements and are summarised as follows:

###### **(a) Classification and measurement**

The Manager does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value.

Receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Manager analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under HKFRS 9. Therefore, reclassification for these instruments is not required.

###### **(b) Impairment**

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Manager will apply the simplified approach and record lifetime expected losses that are estimated based on the present values of all cash shortfalls over the remaining life of all of its other receivables. Furthermore, the Manager will apply the general approach and record twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months.

The Manager expects that the adoption of HKFRS 9 will not expected to have a significant impact on the Sub-Funds' financial position or performance.

HKFRS 15, issued in July 2014, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. Either a full retrospective application or a modified retrospective adoption is required on the initial application of the standards. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard.

The Sub-Fund will adopt HKFRS 15 on 1 January 2018 and the Manager and plans to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2018. In addition, the Manager plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Manager expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. The Manager expects that the changes in accounting policies will not have a material impact on the Fund's financial statements from 2018 onwards.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
TO 31ST DECEMBER 2017

#### 2 Summary of significant accounting policies (Continued)

##### (b) Financial assets and liabilities at fair value through profit or loss

###### (i) Classification

The Sub-Fund classify their investments, as financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading; and those designated at fair value through profit or loss at inception.

- Financial assets held for trading

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 instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorised as held for trading. The Sub-Fund does not classify any derivatives as hedges in a hedging relationship.

- Financial assets designated at fair value through profit or loss at inception

Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Sub-Fund's documented investment strategy.

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

Regular purchases and sales of investments are recognised on the trade date - the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Derivatives are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Transaction costs are expensed as incurred in statement of profit or loss and other comprehensive income.

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

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Subsequent changes in the fair value of any derivative instrument are recognised immediately in statement of profit or loss and other comprehensive income.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
TO 31ST DECEMBER 2017**

#### **2 Summary of significant accounting policies (Continued)**

##### **(b) Financial assets and liabilities at fair value through profit or loss (Continued)**

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

Realised gains and losses on disposals of financial assets classified as at fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts made on derivative contracts (excluding payments or receipts on collateral margin accounts for such instruments).

Gains and losses arising from changes in the fair value and the released gains and losses on disposal of the financial assets at fair value through profit or loss are presented in the statement of profit or loss and other comprehensive income within "Net gains on financial assets at fair value through profit or loss" in the period in which they arise.

###### **(iii) Valuation of investments in other collective investment schemes**

Investments in quoted unlisted collective investment schemes are valued at their last traded prices as provided by the administrators of such schemes. Where last traded prices are not available, investments in these schemes are valued at their net asset value per unit as provided by the administrators of such schemes.

###### **(iv) Fair value measurement**

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. Further details of the valuation policy of the financial assets at fair value through profit or loss of the Sub-Fund are disclosed in note 7(d).

##### **(c) Offsetting financial instruments**

Financial assets are offset and the net amount reported in the statement of net assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

##### **(d) Amounts due from and due to brokers**

Amounts due from brokers include cash held with brokers and receivables for securities sold that have been contracted for, but not yet delivered, on the reporting date. Amounts due to brokers represent payables for securities purchased that have been contracted for, but not yet delivered, on the reporting date.

##### **(e) Income**

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

Interest income is recognised on a time-proportionate basis using the effective interest method in statement of profit or loss and other comprehensive income. It includes interest income from cash and cash equivalents.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

#### **2 Summary of significant accounting policies (Continued)**

##### **(f) Expenses**

All expenses are accounted for on an accruals basis and are charged to the statement of profit or loss and other comprehensive income.

##### **(g) Foreign currency translation**

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

Items included in the Sub-Fund's financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the "functional currency"). The Manager considers the Hong Kong Dollar ("HKD") as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions because issues and redemptions of units, performance measurement and reporting to the unitholders, as well as settlement of the majority of fees and expenses are carried out in HKD.

The Sub-Fund has adopted the functional currencies as the presentation currencies and the financial statements are presented in their respective functional currencies.

###### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the period end date.

Foreign exchange gains and losses arising from translation are included in statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents, fixed deposits and restricted deposits are presented in the statement of profit or loss and other comprehensive income within exchange gains.

Foreign exchange gains and losses relating to financial assets and liabilities carried at fair value through profit or loss are presented in the statement of profit or loss and other comprehensive income within "net gains on financial assets at fair value through profit or loss".

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

Cash and cash equivalents includes cash on 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, if any.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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#### **2 Summary of significant accounting policies (Continued)**

##### **(i) Redeemable units**

The Sub-Fund issue redeemable units, which are redeemable at the unitholder's option and are classified as equity in accordance with HKAS 32 (amendment).

Should the redeemable units' terms or conditions change such that they do not comply with the strict criteria contained in the amendment, the redeemable units would be reclassified to a financial liability from the date the instrument ceases to meet the criteria. The financial liability would be measured at the instrument's fair value at the date of reclassification. Any difference between the carrying value of the equity instrument and fair value of the liability on the date of reclassification would be recognised in equity.

Redeemable units can be put back to the respective Sub-Fund at any time for cash equal to a proportionate share of the respective Sub-Fund's trading net asset value calculated in accordance with the Trust Deed.

##### **(j) Proceeds and payments on issue and redemption of units**

The net asset values of the Sub-Fund is computed daily. Prices for issues and redemptions are based on the latest available valuation. Proceeds and payments for units issued and redeemed are shown in the statement of changes in equity.

##### **(k) Accrued expenses and other payables**

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

##### **(l) Related parties**

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
  - (i) has control or joint control over the Sub-Fund;
  - (ii) has significant influence over the Sub-Fund; or
  - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund; or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Sub-Fund are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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#### 2 Summary of significant accounting policies (Continued)

##### (m) Structured entities

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

The Sub-Fund considers all of their investments in other collective investment schemes (“**underlying schemes**”) and its objective is to achieve sustainable and stable medium to long-term capital growth and whose investment strategy does not include the use of leverage. The underlying schemes are managed by the same asset manager and apply various investment strategies to accomplish its respective investment objective.

The change in fair value of the underlying schemes are included in the statement of profit or loss and other comprehensive income in “net gains on financial assets at fair value through profit or loss”.

#### 3 Critical accounting estimates and judgements

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

##### Fair value of investments

In determining the fair value of such investments, the Manager exercises judgements on the sources of brokers and the quantity and quality of quotes used. Such quotes adopted to fair value the investments may be indicative and not executable or legally binding. As such, broker quotes do not necessarily indicate the price at which the security could actually be traded as of the year end date. Actual transacted prices may differ from the quotes provided by the brokers. The Manager considers that in the absence of any other reliable market sources, the broker quotes available to them reflect the best estimate of fair value.

##### **Critical judgements**

In preparing these financial statements, the Manager has made certain judgements which are dependent on what might happen in the future. The judgements made by the Manager may not equal the related actual results. No critical judgements are made for the Sub-Fund.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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#### **4 Fees**

##### **(a) Management fee**

The Manager is entitled to receive a management fee from the Sub-Fund calculated as a percentage of the net asset value of the relevant class of units of the Sub-Fund. The management fee is deducted from the assets of the relevant Sub-Fund. The current rates of management fee are as follows:

<u>Sub-Fund</u>	<u>Rate of Management Fee (p.a.)</u>	
	Class	Class
	A	B
	Units	Units
CCBI Global Premium Selection Fund	1.00%	0.80%

The management fee is calculated and accrued on each dealing day and are paid monthly in arrears.

##### **(b) Trustee fee**

The Trustee is entitled to receive a trustee fee calculated as a percentage of the net asset value of the relevant class of units of the Sub-Fund.

The trustee fee is calculated at percentage of net asset value of the Sub-Fund at 0.10% per annum for Class A Units and Class B Units in each year and accrued on each dealing day and is paid monthly in arrears.

##### **(c) Custodian fee**

In respect of custodian fee, the custody is entitled to charge the Sub-Fund at 0.015% per annum for Class A Units and Class B Units in each year.

Actual safekeeping fee is based on the market value of the Sub-Fund at the end of the month.

##### **(d) Servicing fee, switching fee, subscription charge and redemption charge**

The Manager does not entitle to receive a servicing fee, switching fee and redemption charges for the Class A Units and Class B Units of the Sub-Fund. The current subscription charge for the Manager levies is up to 2% of the subscription amount off the relevant Class A Units and nil subscription charge is imposed on Class B Units.

##### **(e) Performance fee**

The Manager does not entitle to receive a performance fee for the Class A Units and Class B Units of the Sub-Fund.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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#### **5 Taxation**

No provision for Hong Kong profits tax has been made as the Sub-Fund were authorised as collective investment schemes under Section 104 of the Hong Kong Securities and Futures Ordinance and are therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance ("IRD").

No Hong Kong Stamp Duty has been made as the Sub-Fund on an issue of Units, as well as on redemption of Units where the redemption is effected by extinguishing the Units.

Certain dividend income are subject to withholding tax in certain foreign jurisdictions and are the only items subject to taxation in those jurisdictions.

The withholding tax attributable to the Sub-Fund was HK\$ 56,548.

#### **6 Financial assets and liabilities at fair value through profit or loss**

	CCBI Global Premium Selection Fund 2017 HK\$
<b>Financial assets held for trading</b>	
- collective investment schemes	121,530,492
<b>Total financial assets at fair value through profit or loss</b>	<u>121,530,492</u>
	For the period from 13th June 2017 (date of commencement of operations) to 31st December 2017 HK\$
<b>Gains recognised in relation to financial assets at fair value through profit or loss</b>	
- realised	1,106,742
- unrealised	7,486,264
<b>Net gains</b>	<u>8,593,006</u>



## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

#### **7 Financial risk management**

The Sub-Fund's activities expose it to a variety of financial risks: market risk (including price risk, cash flow and fair value interest rate risk and currency risk), liquidity risk and credit risk and counterparty risk.

Investments of the Sub-Fund is subject to normal market fluctuations and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur. The value of investments and the income from them fluctuate and therefore the value of the redeemable participating units can fall as well as rise.

<b>Sub-Fund</b>	<b>Investment objectives</b>
CCBI Global Premium Selection Fund	To seek sustainable and stable capital return in medium to long term through investing in other collective investment schemes.

#### **(a) Market risk**

Market risk is the risk of loss arising from uncertainty concerning movements in market prices and rates, including observable variables such as interest rates, credit spreads, exchange rates, and others that may be only indirectly observable such as volatilities and correlations. Market risk includes such factors as changes in economic environment, consumption pattern and investors' expectation etc. which may have significant impact on the value of the investments. Market movement may therefore result in substantial fluctuation in the net asset value per unit of the Sub-Fund.

#### **(i) Price risk**

The Sub-Fund's policy is to manage price risk through diversification of the investment portfolio as well as investing in collective investment scheme with strong fundamentals. The table below summarises the overall market exposures of the Sub-Fund by market and the impact of increases/decreases from the Sub-Fund's financial assets at fair value through profit or loss on the Sub-Fund's net assets attributable to unitholders as at 31st December 2017. The analysis is based on the assumption that the underlying investments in the collective investment schemes increased/decreased by a reasonable possible shift, with all other variables held constant. The Manager has used its view of what would be a "reasonable possible shift" in each key market to estimate the change in the sensitivity analysis below. However, this does not represent a prediction of the future movement in the corresponding key markets.

The Sub-Fund's investments in the underlying schemes are authorised by the SFC or in recognised jurisdiction schemes, domiciled in United States of America, Germany and the United Kingdom. The Manager makes investment decisions after extensive due diligence of the underlying fund and its strategy.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

#### 7 Financial risk management (Continued)

##### (a) Market risk (Continued)

##### (i) Price risk (Continued)

Disclosures below are shown in absolute terms, changes and impacts could be positive or negative. Changes in market index % are revised annually depending on the Manager's current view of market volatility and other relevant factors.

As at 31st December 2017	NAV of the financial instrument HK\$	Net financial assets at fair value through profit or loss HK\$	% of net assets %	Reasonable possible shift in underlying securities %	Estimated possible change in net asset value HK\$
				+/-	+/-
<b>CCBI Global Premium Selection Fund</b>					
- Collective investment scheme					
Germany	14,883,004	14,883,004	11.67	1	148,830
Hong Kong	46,616,801	46,616,801	36.56	1	466,168
Ireland	21,983,293	21,983,293	17.24	1	219,833
Luxembourg	17,332,283	17,332,283	13.60	1	173,323
United Kingdom	6,307,611	6,307,611	4.95	1	63,076
United States of America	14,407,500	14,407,500	11.30	1	144,075

##### (ii) Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of interest-bearing assets and liabilities and their future cash flows.

As the Sub-Fund does not hold any interest-bearing assets and liabilities whose value is driven significantly by changes in interest rates, the Manager assesses that the Sub-Fund does not subject significant fair value interest rate risk.

The Sub-Fund holds floating rate cash and cash equivalents that expose the Sub-Fund to cash flow interest rate risk. As the cash and cash equivalents without fixed maturity dates, the Manager considers the movement in interest rates will have insignificant cash flow impact on the net asset value as at 31st December 2017, and therefore no sensitivity analysis is presented.

# CCB INTERNATIONAL INVESTMENT FUND SERIES

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
TO 31ST DECEMBER 2017

### 7 Financial risk management (Continued)

#### (a) Market risk (Continued)

##### (iii) Foreign exchange risk

The Sub-Fund invests in currencies other than their base currencies and may be subject to exchange rate fluctuations with a potential reduction in the value of investments. Repatriation of capital invested may be hampered by changes in regulations applicable to foreign investors which may also have an adverse impact on the Sub-Fund's performance.

The Sub-Fund intends to avoid investments in a foreign country where capital repatriation is required.

The table below summarises the Sub-Fund's monetary assets and liabilities which are exposed to foreign exchange risk:

#### CCBI Global Premium Selection Fund

As at 31st December 2017

(Presented in HK\$)

	GBP	EUR	USD	HKD	Total
<b>Monetary assets</b>					
Financial assets at fair value through profit or loss	28,290,904	6,247,316	63,949,084	23,043,188	121,530,492
Interest and Dividend receivable	47,569		390,869	34,589	473,027
Bank balances	-	222,751	5	6,116,416	6,339,172
<b>Total monetary assets</b>	<u>28,338,473</u>	<u>6,470,067</u>	<u>64,339,958</u>	<u>29,194,193</u>	<u>128,342,691</u>
<b>Total monetary liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(859,973)</u>	<u>(859,973)</u>
Net monetary assets	<u>28,338,473</u>	<u>6,470,067</u>	<u>64,339,958</u>	<u>28,334,220</u>	<u>127,482,718</u>
% change in currency	<u>10%</u>	<u>10%</u>			
Impact on net assets	<u>2,833,847</u>	<u>647,007</u>			

## **CCB INTERNATIONAL INVESTMENT FUND SERIES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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#### **7 Financial risk management (Continued)**

##### **(a) Market risk (Continued)**

###### **(iii) Foreign exchange risk (Continued)**

The Manager will regularly review the economic conditions of the countries in which the Sub-Fund invests to assess their currency outlook.

The Sub-Fund has the majority of their assets and liabilities in Hong Kong dollars, the functional currency of the Sub-Fund and United States dollars which is a linked currency. The Manager considers the Sub-Fund is not exposed to significant foreign exchange risk, except for GBP.

The Manager has used its view of what would be a reasonable possible shift in the exchange rates to estimate the change in the sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in exchange rates % are revised annually depending on the Manager's current view of exchange rates volatility and other relevant factors.

##### **(b) Liquidity risk**

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

The Sub-Fund is exposed to the daily redemptions of the units by its investors. The investment in collective investment scheme should be readily disposed of to meet the redemption payment within reasonable time.

In accordance with the Sub-Fund's policies, although the Manager will seek to select underlying schemes which offer the opportunity to have their shares or unites redeemed within a reasonable timeframe, there can be no assurance that the liquidity of the underlying schemes will always be sufficient to meet redemption request. In particular, the underlying schemes may impose redemption gats in certain situations, which means that the underlying schemes may not always be able to satisfy redemption requests from the Sub-Fund as and when made.

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

**CCB INTERNATIONAL INVESTMENT FUND SERIES**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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**7 Financial risk management (Continued)**

**(b) Liquidity risk (Continued)**

**CCBI Global Premium Selection Fund**

<b>As at 31st December 2017</b>	<b>Less than 7 days HK\$</b>	<b>7 days to 1 month HK\$</b>	<b>1-12 months HK\$</b>
Management fee payable	-	85,878	-
Trustee fee payable	-	60,000	-
Organisation costs payable	-	-	543,041
Accrued expenses and other payables	-	-	171,054
	<hr/>	<hr/>	<hr/>
Contractual cash out flows (excluding derivatives)	-	145,878	714,095
	<hr/>	<hr/>	<hr/>

The Sub-Fund invests a majority portion of the assets in cash and collective investment schemes. In particular, the Sub-Fund may invest in collective investment trading in Hong Kong or other countries and such investments are also easily disposed of for cash.

The following table illustrates the expected liquidity of assets held:

**CCBI Global Premium Selection Fund**

<b>As at 31st December 2017</b>	<b>Less than 7 days HK\$</b>	<b>7 days to 1 month HK\$</b>	<b>1-12 months HK\$</b>	<b>1-3 years HK\$</b>
Total assets	127,869,664	473,027	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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#### 7 Financial risk management (Continued)

##### (c) Credit and counterparty risk

The Sub-Fund is exposed to credit risk, which is the risk that the counterparty will be unable to pay amounts in full when they fall due.

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

For credit risk, it primarily arises from investments in the underlying collective investment schemes and cash and cash equivalents held with financial institutions. Credit risk arises from the underlying collective investment schemes' ability to realise their investments to meet any redemptions made by the Sub-Fund. This risk is measured by reference to the available net assets in the underlying collective investment schemes.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the custodians. The table below summarises the credit rating of banks and custodians with which the Sub-Fund's assets are held as at 31st December 2017.

**As at 31st December 2017**

##### CCBI Global Premium Selection Fund

	HK\$	Credit rating	Source of credit rating
<u>Bank</u>			
Industrial and Commercial Bank of China (Asia) Limited	6,339,172	A1	Moody's
<u>Custodian</u>			
Industrial and Commercial Bank of China (Asia) Limited	121,530,492	A1	Moody's

The maximum exposure to credit risk at period end is the carrying amount of financial assets as shown on the statement of net assets. None of the assets is impaired nor past due but not impaired.

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

#### **7 Financial risk management (Continued)**

##### **(d) Fair value estimation**

The fair value of financial assets 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.

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

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Sub-Fund use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used for non-standardised financial instruments include the use of valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Investments in quoted unlisted collective investment schemes are valued at their last traded prices as provided by the administrators of such schemes. Where last traded prices are not available, investments in these schemes are valued at their net asset value per unit as provided by the administrators of such schemes.

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

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.

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

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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#### 7 Financial risk management (Continued)

##### (d) Fair value estimation (Continued)

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

The following table analyses within the fair value hierarchy the Sub-Fund's assets (by class) measured at fair value at 31st December 2017:

##### CCBI Global Premium Selection Fund

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
<b>As at 31st December 2017</b>				
<b>Assets</b>				
Financial assets held for trading:				
- Collective investment schemes	48,945,719	72,584,773	-	121,530,492
<b>Total financial assets</b>	<u>48,945,719</u>	<u>72,584,773</u>	<u>-</u>	<u>121,530,492</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed collective investment schemes. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active and are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include quoted collective investment schemes. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuation may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. As at 31st December 2017, the Sub-Fund does not hold any investments classified in Level 3.

The assets and liabilities excluding the financial assets at fair value through profit or loss included in the statement of net assets are carried at amortised cost; their carrying values are a reasonable approximation of fair value.



## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
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#### 7 Financial risk management (Continued)

##### (e) Capital risk management

The capital of the Sub-Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly on a daily basis, as the Sub-Fund is subject to daily subscriptions and redemptions at the discretion of unitholders.

The Sub-Fund's objective when managing capital is to safeguard the Sub-Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and maintain a strong capital base to support the investment activities of the Sub-Fund.

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

- monitor the level of daily subscriptions and redemptions relative to the liquid assets; and
- redeem and issue new units in accordance with the trust deed of the Fund.

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

#### 8 Net assets attributable to unitholders and number of units in issue

The following is the subscription of units of the relevant classes in the respective Sub-Fund:

	<u>CCBI Global Premium Selection Fund</u>	
	2017 Class A	2017 Class B
Units outstanding at the beginning of the period	-	-
Units issued	-	1,200,000
	<hr/>	<hr/>
Units outstanding at the end of the period	-	1,200,000
	<hr/>	<hr/>

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

#### **8 Net assets attributable to unitholders and number of units in issue (continued)**

The published net asset value per unit issued is calculated in accordance with the explanatory memorandum and Trust Deed while the net asset value per unit as reported in the statement of financial position included the following adjustments:

- a) Adjustment for recognition of all organisation cost incurred by the Sub-Fund in the statement of profit or loss and other comprehensive income and reclassification to statement of profit or loss and other comprehensive income and off-set deferred organisation expense
- b) Adjustment for year-end expenses including interest incomes, audit fees, management fees, trustee fees and prepaid expenses

A reconciliation of the net assets attributable to unitholders as reported in the statement of financial position to the net assets attributable to unitholders as determined for the purposes of processing unit subscriptions and redemptions is provided below:

	2017 HK\$
Published net assets attributable to unitholders	128,523,604
a) Adjustment on organisation costs	(1,028,046)
b) Adjustment on year-end expenses	(7,621)
	<hr/>
Net assets attributable to unitholders as per audited financial statements	127,487,937 <hr/>

#### **9 Transactions with the Manager and its connected persons**

Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund do not have any other transactions with connected persons except for what is disclosed in Note 4 and below.

##### **(a) Bank balances with a connected person of the Manager**

Bank balances maintained with the connected person of the Manager as at 31st December 2017 was as follows:

	2017 HK\$
CCBI Global Premium Selection Fund	6,339,172 <hr/>

## CCB INTERNATIONAL INVESTMENT FUND SERIES

### NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS) TO 31ST DECEMBER 2017**

#### **9 Transactions with the Manager and its connected persons (continued)**

##### **(b) Interest income earned from bank balances with a connected person of the Manager**

Interest income earned from bank balances maintained with a connected person of the Manager and the Trustee for the period from 13th June 2017 (date of commencement of operations) to 31st December 2017 was as follows:

For the period from  
13th June 2017 (date  
of commencement of  
operations) to 31st  
December 2017  
HK\$

CCBI Global Premium Selection Fund	1,940
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##### **(c) Holdings in the Sub-Fund**

The Sub-Fund allows the Manager, its connected persons and other funds managed by the Manager to subscribe for, and redeem, units in the Sub-Fund. As at 31st December 2017, 1,200,000 of Class B Units were held by its connected persons.

##### **(d) Fees earned by the Manager and its connected persons**

In addition to the management fee earned by the Manager as disclosed in Note 4(a), the Manager and its connected persons do not entitle to any initial charges from unitholders of CCBI Global Premium Selection Fund for the period from 13th June 2017 (date of commencement of operations) to 31st December 2017 since it is waived in accordance with the explanatory memorandum the Sub-Fund.

#### **10 Soft commission arrangements**

The Manager and its connected persons may enter into soft commission arrangements with brokers under which certain goods and services used to support investment decision making will be received. The Manager and its connected persons will not make direct payment for these services but will transact an agreed amount of business with the brokers on behalf of the Sub-Fund and commission will be paid on these transactions.

The goods and services must be of demonstrable benefit to the Sub-Fund and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment-related publications.

Since the inception of the Sub-Fund, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts of the Sub-Fund.

## **CCB INTERNATIONAL INVESTMENT FUND SERIES**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 13TH JUNE 2017 (DATE OF COMMENCEMENT OF OPERATIONS)  
TO 31ST DECEMBER 2017**

#### **11 Distributions to unitholders**

For CCBI Global Premium Selection Fund, the Manager does not intend to make distributions in respect of any Sub-Fund and any income earned by a Sub-Fund will be reinvested in that Sub-Fund and reflected in the value of units of the relevant classes of that Sub-Fund.

#### **12 Subsequent events**

There is no subsequent event from the period 13th June 2017 to the date of issuance of the financial statement.

#### **13 Approval of financial statements**

The financial statements were approved by the Trustee and the Manager on 24 April 2018.

**CCBI GLOBAL PREMIUM SELECTION FUND****INVESTMENT PORTFOLIO – CCBI GLOBAL PREMIUM SELECTION FUND (UNAUDITED)****AS AT 31ST DECEMBER 2017****Denominated in HKD**

	Holding	Fair value HK\$	% of net assets
<b>Listed/Quoted Investments</b>			
<b>Collective Investment Schemes</b>			
<b>Germany</b>			
Comstage Alphapulus Ucits ETF	6,355	6,247,316	4.90
Comstage 1 Divdax Ucits ETF	50,858	8,635,688	6.77
<b>Hong Kong</b>			
E Fund Greater China Leaders Fund Class I (accumulating) Units	10,001	11,451,648	8.98
Haitong Asian High Yield Bond Fund Class I *(USD)	25,000	20,119,997	15.78
JPMorgan Vietnam Opportunities (acc) - USD	108,183	15,045,156	11.80
<b>Ireland</b>			
iShares European Property Yield	56,334	21,983,293	17.24
<b>Luxembourg</b>			
Fundsmith Equity Fund Feeder I ACC USD	104,457	17,332,283	13.60
<b>United Kingdom</b>			
Blackrock World Mining Trust	150,000	6,307,611	4.95
<b>United States</b>			
SPDR Gold Trust	15,000	14,407,500	11.30
<b>TOTAL INVESTMENTS PORTFOLIO</b>		121,530,492	95.32
<b>OTHER NET ASSETS</b>		5,957,445	4.68
<b>NET ASSETS AS AT 31ST DECEMBER 2017</b>		127,487,937	100.00
<b>TOTAL INVESTMENT, AT COST</b>		113,858,700	

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

**CCBI GLOBAL PREMIUM SELECTION FUND**

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)**

**FOR THE PERIOD ENDED 31ST DECEMBER 2017**

	At 13 June 2017	Additions	Disposal	At 31 December 2017
<b>Listed/Quoted Investments</b>				
<b>Collective Investment Schemes</b>				
<b>Germany</b>				
Comstage Alphaplust Ucits ETF	-	6,355	-	6,355
Comstage 1 Divdax Ucits ETF	-	50,858	-	50,858
<b>Hong Kong</b>				
E Fund Greater China Leaders Fund Class I (accumulating) Units	-	10,001	-	10,001
Haitong Asian High Yield Bond Fund Class I *(USD)	-	25,000	-	25,000
Hang Seng CEI ETF	-	94,959	(94,959)	-
JPMorgan Vietnam Opportunities (acc) - USD	-	108,183	-	108,183
<b>Ireland</b>				
iShares European Property Yield	-	56,334	-	56,334
<b>Luxembourg</b>				
Fundsmith Equity Fund Feeder I ACC USD	-	104,457	-	104,457
<b>United Kingdom</b>				
Blackrock World Mining Trust	-	150,000	-	150,000
<b>United States</b>				
SPDR Gold Trust	-	25,000	(10,000)	15,000

**CCBI GLOBAL PREMIUM SELECTION FUND**

**PERFORMANCE TABLE (UNAUDITED)**

**NET ASSET VALUES**

Sub-Fund	Financial period ended	Net asset value of the Sub-Fund		Net asset value per Unit	
		Class A HK\$	Class B HK\$	Class A HK\$	Class B HK\$
CCBI Global Premium Selection Fund	31.12.2017 <sup>1</sup>	-	127,487,937	-	106.24

<sup>1</sup> Year of inception

## CCBI Global Premium Selection Fund

### PERFORMANCE RECORD (UNAUDITED)

Sub-Fund	Financial period ended	Highest price per unit		Lowest price per unit	
		Class A	Class B	Class A	Class B
		HK\$	HK\$	HK\$	HK\$
CCBI Global Premium Selection Fund	31.12.2017 <sup>1</sup>	-	107.10	-	99.55

<sup>1</sup> Year of inception