

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2012**

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

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

### **MANAGER'S REPORT**

#### **Market Review**

In the first quarter of 2012, the Fund stayed conservative as the Greece's debt payment schedule would peak during February to April and global economic growth was expected to slow down. In May, the changing political landscape, especially in Greece, heightened uncertainty about Europe's ability to solve its debt crisis. Market concerns about the possibility that Greece might exit the Euro triggered turmoil in global financial markets. Hence, the Hong Kong financial market was volatile in the first half of 2012 given the political uncertainties in Greece. The Fund mainly invested in some quality mid-cap stocks, the valuation of which had been suffered by the Euro debt crisis and the short selling activities.

In September, the ECB activated the Outright Monetary Transactions (OMTs) program with unlimited purchases of government bonds in the secondary market. Later on, the U.S. Fed launched QE3 and QE4 to buy USD 40 billion of mortgage-backed securities (MBS) and USD 45 billion of long-term Treasury bonds per month until the outlook for the labor market has improved substantially, while keeping the near-zero interest-rate program in place as long as U.S. unemployment rate is higher than 6.5% and inflation does not exceed 2.5%. Moreover, China's central bank also lowered the Reserve Required Ratio (RRR) twice and benchmark interest rates in the first half of the year and such expanding monetary policies had gradually taken effect in the later part of the year. Hence, market edged up on growing risk appetite. In the fourth quarter, the Fund's main holdings had started to perform well.

#### **Economic Outlook and Investment Strategy**

Since the fourth quarter of 2012, both China's official PMI and the HSBC China PMI have returned to above 50. Other indicators including Industrial production, retail sales, FAI and export were also better than estimates, suggesting improving China's economic growth. In addition, thanks to global quantitative easing measures, if no early exit, the influx of hot money should continue to drive Hong Kong stock market up. In all, we are cautiously optimistic about 2013 considering the pending U.S. debt ceiling issue and the transition of China's top political leaders.

Looking forward, China will maintain a proactive fiscal policy and prudent monetary policy in 2013, while actively pushing forward urbanization and boosting domestic demand, which should be major investment themes in the future. The Fund will continue to focus on investing in related policy beneficiaries and try to offer investors favorable returns in the mid-long term.

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

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

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 12 January 2009, as amended, for the year ended 31 December 2012.

)  
)  
) 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 21, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Trustee and the Manager (the “Management”) of the Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 12 January 2009 (the “Trust Deed”), as amended and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the “SFC Code”), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

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

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2012, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

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

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 27 March 2013

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2012**

	Note	2012 HK\$	2011 HK\$
<b>Assets</b>			
<b>Current assets</b>			
Investments	5	284,694,870	230,652,259
Amounts due from brokers		294,055	1,248,830
Amounts due from unitholders on subscription of units		103,464	3,222,599
Dividend receivables		103,560	-
Margin deposits	6 (b)	-	24,567,700
Cash and cash equivalents	6 (b)	766,118	46,326,042
<b>Total assets</b>		<u>285,962,067</u>	<u>306,017,430</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Amounts due to unitholders on redemption of units		56,457	58,231
Other payables	6 (b)	660,299	725,143
<b>Total liabilities</b>		<u>716,756</u>	<u>783,374</u>
<b>Net assets attributable to unitholders (bid prices)</b>	10	<u>285,245,311</u>	<u>305,234,056</u>
<b>Total number of units in issue</b>	8	<u>31,502,277</u>	<u>32,202,803</u>
<b>Net asset value per unit at bid price</b>		<u>9.05</u>	<u>9.48</u>

Approved by the Trustee and the Manager on 27 March 2013

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

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

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

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 HK\$	2011 HK\$
Dividend income		6,122,500	8,313,130
Net losses on investments	3	(5,809,019)	(256,837,883)
Net foreign exchange losses		(1,045)	(339)
<b>Net investment income/(loss)</b>		<u>312,436</u>	<u>(248,525,092)</u>
Brokerage commission and other transaction costs		8,394,551	14,824,206
Management fees	6(a)	4,879,447	7,998,451
Trustee fees	6(c)	737,969	897,601
Transaction fees	6(c)	226,672	249,369
Auditors' remuneration		148,742	224,600
Legal and professional fees		10,000	47,758
Safe custody and bank charges		79,523	123,532
Miscellaneous expenses		95,328	83,489
<b>Operating expenses</b>		<u>14,572,232</u>	<u>24,449,006</u>
<b>Loss before taxation</b>		(14,259,796)	(272,974,098)
Taxation	4	(94,450)	(206,973)
<b>Total comprehensive loss for the year</b>		<u>(14,354,246)</u>	<u>(273,181,071)</u>

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



**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 HK\$	2011 HK\$
<b>Balance at beginning of 1 January</b>		305,234,056	553,665,033
		-----	-----
<b>Total comprehensive loss for the year</b>		(14,354,246)	(273,181,071)
		-----	-----
<b>Transactions with unitholders recorded directly in equity</b>			
Proceeds from issue of units		25,668,970	64,506,408
Payments on redemption of units		(31,303,469)	(39,756,314)
		-----	-----
<b>Total transactions with unitholders</b>		(5,634,499)	24,750,094
		-----	-----
<b>Balance at end of 31 December</b>	10	285,245,311	305,234,056
		=====	=====

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

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 HK\$	2011 HK\$
<b>Cash flows from operating activities</b>		
Dividend received	6,018,940	8,313,130
Margin deposits withdrawn/(paid)	24,567,735	(24,567,700)
Payments on purchase of investments	(1,311,252,443)	(2,214,092,000)
Proceeds from sale of investments	1,268,651,334	2,287,838,695
Payments on derivative financial instruments	(16,292,650)	(17,640,585)
Brokerage commission and other transaction costs paid	(8,397,647)	(14,844,202)
Management fees paid	(4,928,928)	(8,343,687)
Trustee fees paid	(739,828)	(918,413)
Transaction fee paid to Trustee	(220,713)	(258,532)
Auditor's remuneration paid	(170,521)	(192,300)
Legal and professional fees paid	(10,000)	(47,758)
Safe custody and bank charges paid	(79,523)	(123,532)
Miscellaneous expenses paid	(94,092)	(83,828)
Tax paid	(94,450)	(206,973)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(43,042,786)</b>	<b>14,832,315</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	28,788,105	61,283,809
Payments on redemption of units	(31,305,243)	(39,754,095)
<b>Net cash generated (used in)/from financing activities</b>	<b>(2,517,138)</b>	<b>21,529,714</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(45,559,924)</b>	<b>36,362,029</b>
<b>Cash and cash equivalents at 1 January</b>	<b>46,326,042</b>	<b>9,964,013</b>
<b>Cash and cash equivalents at 31 December</b>	<b>766,118</b>	<b>46,326,042</b>

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

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**DISTRIBUTION STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 HK\$	2011 HK\$
<b>Amount available for distribution brought forward</b>	305,234,056	553,665,033
Net subscriptions and redemptions of units	(5,634,499)	24,750,094
Total comprehensive loss for the year	(14,354,246)	(273,181,071)
<b>Amount available for distribution carried forward</b>	<u>285,245,311</u>	<u>305,234,056</u>

**Distribution policy**

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

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

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

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

#### **1 General information**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

##### **(c) Standards and amendments to existing standards effective 1 January 2012**

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2012 that would be expected to have a material impact on the Fund.

##### **(d) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and have not been early adopted**

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Fund except the following set out below:

IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. The standard is not expected to have a significant impact on the Fund's financial position or performance, as it is expected that the Fund's will continue to classify its financial assets as being at fair value through profit or loss.

IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after 1 January 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. If the Fund adopts the standard, the Fund may change its valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed in the Fund's offering document for the calculation of its per share trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry. This year, the Fund utilised bid and ask prices for its listed financial assets and liabilities in accordance with IAS 39. The change in valuation inputs will be considered to be a change in estimate in accordance with IAS 8.

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

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

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

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

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

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

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

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

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

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within 'net foreign exchange losses'.

Foreign exchange gains and losses relating to the financial assets carried at fair value through profit or loss are presented in the statement of comprehensive income within 'net losses 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 losses on investments in the period in which they arise.

## **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)**

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

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.

###### **(iii) 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 reporting date. The quoted market price used for financial assets held by the Fund is the current bid price. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Fund's valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

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

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

##### **(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.

##### **(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.

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

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

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

##### **(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.

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;



## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

#### 2 Significant accounting policies (Continued)

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

- 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 Funds 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

	2012 HK\$	2011 HK\$
Net changes in fair value of		
- Equities securities	10,505,031	(239,197,298)
- Derivative financial instruments	(16,314,050)	(17,640,585)
	<hr/>	<hr/>
Total designated at fair value through profit or loss at inception	(5,809,019)	(256,837,883)
	<hr/>	<hr/>
Net changes in fair value on financial assets at fair value through profit or loss		
- Realised losses	(58,705,658)	(197,603,611)
- Change in unrealized gains or losses	52,896,639	(59,234,272)
	<hr/>	<hr/>
Total net losses	(5,809,019)	(256,837,883)
	<hr/>	<hr/>

#### 4 Taxation

Taxation in the statement of comprehensive income represents:

	2012 HK\$	2011 HK\$
Overseas withholding tax	94,450	206,973
	<hr/>	<hr/>

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

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

# CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

## NOTES ON THE FINANCIAL STATEMENTS

### 5 Investments

	2012 HK\$	2011 HK\$
Designated at fair value through profit or loss at inception		
- Equity securities	284,694,870	227,419,759
- Derivative financial instruments	-	3,232,500
Total financial assets at fair value through profit or loss	<u>284,694,870</u>	<u>230,652,259</u>
Equity securities listed in Hong Kong	284,694,870	227,271,930
Equity securities listed in Korea	-	147,829
Derivative financial instruments	-	3,232,500
Total	<u>284,694,870</u>	<u>230,652,259</u>
Investments, at cost	260,747,097	259,601,124
Net unrealised appreciation/ (depreciation) in value of investments	<u>23,947,773</u>	<u>(28,948,865)</u>
Investments, at market value	<u>284,694,870</u>	<u>230,652,259</u>

At 31 December 2011, the Fund held exchange traded futures in the Hang Seng China Enterprises Index with an amount of HK\$3,232,500. The Fund did not hold any exchange traded futures for the year ended 31 December 2012.

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

### 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:

	2012 HK\$	2011 HK\$
Management fees charged for the year	4,879,447	7,998,451
Management fees payable at year end	412,511	461,992

#### (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\$766,118 as at 31 December 2012 (2011: HK\$46,326,042) and the balances of margin deposits amounted to a credit balance of HK\$35 (2011: debit balance of HK\$24,567,700). No interest income was earned from these bank balances during the year (2011: nil).

## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

#### 6 Related parties transactions (Continued)

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

The Trustee receives a fee equivalent to 0.125% per annum for the first USD50 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:

	2012 HK\$	2011 HK\$
Trustee's fees charged for the year	737,969	897,601
Trustee's fees payable at year end	60,163	62,022

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:

	2012 HK\$	2011 HK\$
Transaction fees charged for the year	226,672	249,369
Transaction payable at year end	27,216	21,257

##### (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:

	2012 HK\$	2011 HK\$
Total aggregate value of transactions executed during the year	269,933,407	1,234,818,645
Commission paid during the year	674,941	3,087,047
Average rate of commission	0.25%	0.25%
Percentage of these transactions in value to total transactions of the year	10.47%	27.47%

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

As at 31 December 2012, the Manager and a related company of the Manager, CCB International (Holdings) Limited, holds 2,338,270 and 19,999,999 (2011: 2,338,270 and 19,999,999) shares of the Fund respectively.

#### 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.

## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

#### 7 Soft commission arrangements (Continued)

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

	2012	2011
Number of units in issue brought forward	32,202,803	30,225,246
Units issued during the year	2,863,532	4,442,807
Units redeemed during the year	(3,564,058)	(2,465,250)
	<hr/>	<hr/>
Number of units in issue as at 31 December	<u>31,502,277</u>	<u>32,202,803</u>

The Fund does not have any externally imposed capital requirements.

#### 9 Financial instruments and associated risks

The Fund maintains an investment portfolio comprising equity instruments and derivative financial instruments. Details of such investments held as at 31 December 2012 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.

##### (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.

## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

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

##### (a) Price risk (Continued)

	2012 HK\$	2011 HK\$
Market exposure		
- Listed equity securities	284,694,870	227,419,759
- Derivative financial instruments	-	3,232,500
Change in net assets if equity price increased by 5%	14,234,744	1,396,988

##### (b) Interest rate risk

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

The Fund's financial assets and liabilities are non-interest bearing except for cash and cash equivalents amounted to HK\$766,118 as at 31 December 2012 (2011: HK\$46,326,042). At the date of statement of financial position, assuming all other factors unchanged, it is estimated that an increase in interest rates of 50 basis points would result in an increase in the net assets attributable to unitholders and the profit and total comprehensive income of the Fund by HK\$3,831 (2011: HK\$231,630).

##### (c) Currency risk

As the majority of the Fund's financial instruments at 31 December 2012 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 2012, 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+ (2011: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.

##### (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.

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

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

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

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

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 2012, the Fund's financial assets and liabilities are due within three months.

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

At 31 December 2012, one of the unitholders contributed around 63% (2011: 62%) 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.

##### **(h) 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. The quoted market price used for financial assets held by the Fund is the current bid price. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value.

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

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

## CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

### NOTES ON THE FINANCIAL STATEMENTS

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

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

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.

At 31 December 2012, the financial instruments of the Fund carried at fair value include equity investments of HK\$284,694,870 (2011: HK\$227,419,759) listed on the Stock Exchange of Hong Kong. No derivative financial instruments is held by the Fund (2011: HK\$3,232,500) (see note 5). These instruments fall into Level 1 of the fair value hierarchy described above.

#### 10 Reconciliation of net assets values

The net asset value ("NAV") presented in the financial statements and that quoted for pricing purposes at the year end ("Dealing NAV") are different as the principles for calculating the Dealing NAV as set out in the prospectus are different from that required for financial reporting purposes under IFRSs. The following reconciliation provides details of these differences:

	2012 HK\$	2011 HK\$
NAV as reported in the financial statements as at 31 December	285,245,311	305,234,056
Adjustments for different bases adopted by the Fund in arriving at the Dealing NAV:		
- Use of last traded pricing instead of bid pricing in valuing investments	1,856,780	1,012,410
Dealing NAV as at 31 December	<u>287,102,091</u>	<u>306,246,466</u>

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**PORTFOLIO STATEMENT (UNAUDITED)  
AS AT 31 DECEMBER 2012**

	Holdings Shares	Market value HK\$	% of NAV
<b>Listed equities</b>			
<b>Hong Kong</b>			
AIA Group Ltd	75,000	2,268,750	0.80
China Liansu Group Holdings Ltd	2,075,000	10,997,500	3.86
China Oilfield Services Ltd	552,000	8,776,800	3.08
China Overseas Land & Investment Limited	440,000	10,164,000	3.56
China Railway Construction Corporation Ltd. - H Shares	2,000,000	17,560,000	6.16
China Shipping Development Co. Ltd. – H Shares	2,450,000	10,780,000	3.78
CITIC Securities Co. Ltd. – H Shares	1,000,000	19,540,000	6.85
CSR Corporation Ltd. - H Shares	2,640,000	17,793,600	6.24
Digital China Holdings Ltd.	1,526,000	20,173,720	7.07
Evergrande Real Estate Group Ltd.	6,200,000	26,288,000	9.21
Focus Media Network Ltd.	7,240,000	7,312,400	2.56
Haier Electronics Group Co. Ltd.	2,261,000	25,594,520	8.97
Huazhong Holdings Co. Ltd.	3,800,000	5,890,000	2.06
Johnson Electric Holdings Ltd.	1,280,000	6,592,000	2.31
Kaisa Group Holdings Ltd.	4,000,000	9,600,000	3.37
Longfor Properties Co. Ltd.	1,600,000	24,160,000	8.47
Prince Frog International Holdings Ltd.	1,443,000	4,704,180	1.65
Stelux Holdings International Ltd.	1,810,000	4,597,400	1.61
Sunac China Holdings Ltd.	2,500,000	14,975,000	5.25
UKF Holdings Ltd.	29,450,000	7,362,500	2.58
Vision Fame International Holdings Ltd.	4,850,000	8,099,500	2.84
Xinyi Glass Holdings Co. Ltd.	4,500,000	21,465,000	7.53
<b>Total listed equities</b>		284,694,870	99.81
<b>Other net assets</b>		550,441	0.19
<b>Total net assets</b>		285,245,311	100.00
<b>Total cost of investments</b>		260,747,097	



**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**
**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)  
AS AT 31 DECEMBER 2012**

	1 January 2012 Shares	Holdings		31 December 2012 Shares
		Additions Shares	Disposals Shares	
<b>Listed equities</b>				
<b>Hong Kong</b>				
AAC Technologies Holdings INC.	-	400,000	(400,000)	-
Agile Property Holdings Ltd.	-	2,000,000	(2,000,000)	-
Agricultural Bank of China Ltd. - H Shares	-	5,000,000	(5,000,000)	-
AIA Group Ltd.	-	75,000	-	75,000
Ajisen (China) Holdings Ltd.	-	3,481,000	(3,481,000)	-
Angang Steel Co. Ltd. - H Shares	-	1,612,000	(1,612,000)	-
Anhui Conch Cement Co. Ltd. - H Shares	-	500,000	(500,000)	-
Brilliance China Automotive Holdings Ltd.	-	1,000,000	(1,000,000)	-
Chigo Holding Ltd.	-	13,000,000	(13,000,000)	-
China Coal Energy Co. Ltd. - H Shares	-	2,000,000	(2,000,000)	-
China Communications Construction Co. Ltd. - H Shares	-	1,000,000	(1,000,000)	-
China COSCO Holdings Co. Ltd. - H Shares	-	3,500,000	(3,500,000)	-
China Eastern Airlines Corporation Ltd. – H shares	1,058,000	3,800,000	(4,858,000)	-
China Everbright International Ltd.	-	7,190,000	(7,190,000)	-
China Everbright Ltd.	-	110,000	(110,000)	-
China High Speed Transmission Equipment Group Co., Ltd.	2,000,000	-	(2,000,000)	-
China Liansu Group Holdings Ltd.	-	2,075,000	-	2,075,000
China Life Insurance Co. Ltd. - H Shares	-	830,000	(830,000)	-
China Mengniu Dairy Co. Ltd.	-	1,200,000	(1,200,000)	-
China Minsheng Banking Corp., Ltd. - H Shares	-	2,500,000	(2,500,000)	-
China Mobile Ltd.	-	247,000	(247,000)	-
China Molybdenum Co., Ltd. - H Shares	-	3,077,000	(3,077,000)	-
China National Building Material Co. Ltd. - H Shares	-	4,000,000	(4,000,000)	-
China Oilfield Services Ltd. – H Shares	-	552,000	-	552,000
China Overseas Land & Investment Ltd.	-	800,000	(360,000)	440,000
China Railway Construction Corporation Ltd. - H Shares	4,000,000	2,000,000	(4,000,000)	2,000,000
China Shanshui Cement Group Ltd.	-	374,000	(374,000)	-
China Shipping Container Lines Co. Ltd. - H Shares	-	3,000,000	(3,000,000)	-
China Shipping Development Co. Ltd. - H Shares	-	2,450,000	-	2,450,000
China State Construction International Holdings Ltd.	4,000,000	-	(4,000,000)	-
China Wireless Technologies Ltd.	-	8,000,000	(8,000,000)	-
China ZhengTong Auto Services Holdings Ltd.	-	2,100,000	(2,100,000)	-
Chongqing Rural Commercial Bank Co., Ltd. - H Shares	-	6,700,000	(6,700,000)	-
CITIC Securities Co. Ltd. - H Shares	-	1,000,000	-	1,000,000

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**
**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)  
AS AT 31 DECEMBER 2012**

	1 January 2012 Shares	Holdings		31 December 2012 Shares
		Additions Shares	Disposals Shares	
<b>Listed equities</b>				
<b>Hong Kong</b>				
CL Group (Holdings) Ltd.	7,600,000	-	(7,600,000)	-
CLP Holdings Ltd.	-	500,000	(500,000)	-
Come Sure Group (Holdings) Ltd.	-	6,000,000	(6,000,000)	-
Credit China Holdings Ltd.	-	8,000,000	(8,000,000)	-
CSR Corporation Ltd. - H Shares	5,457,000	2,640,000	(5,457,000)	2,640,000
Digital China Holdings Ltd.	-	2,100,000	(574,000)	1,526,000
Dongfang Electric Corporation Ltd. - H Shares	-	493,400	(493,400)	-
Dongfeng Motor Group Co. Ltd. - H Shares	-	1,200,000	(1,200,000)	-
Dongyue Group Ltd.	5,000,000	-	(5,000,000)	-
Evergrande Real Estate Group Ltd.	-	11,128,000	(4,928,000)	6,200,000
Focus Media Network Ltd.	-	8,804,000	(1,564,000)	7,240,000
Gayety Holdings Ltd.	-	14,984,000	(14,984,000)	-
GCL-Poly Energy Holdings Ltd.	-	8,000,000	(8,000,000)	-
Geely Automobile Holdings Ltd.	-	3,000,000	(3,000,000)	-
Gome Electrical Appliances Holding Ltd.	-	18,000,000	(18,000,000)	-
Guodian Technology & Environment Group Corporation Ltd. - H Shares	-	3,450,000	(3,450,000)	-
Haier Electronics Group Co., Ltd.	-	3,000,000	(739,000)	2,261,000
Hong Kong Exchanges and Clearing Ltd.	-	10,000	(10,000)	-
Huaneng Power International, Inc. - H Shares	-	4,200,000	(4,200,000)	-
Huaneng Renewables Corporation Ltd. - H Shares	-	6,040,000	(6,040,000)	-
Huazhong Holdings Co. Ltd.	-	15,000,000	(11,200,000)	3,800,000
Hunan Nonferrous Metals Corporation Ltd. - H Shares	-	3,000,000	(3,000,000)	-
I.T. Ltd.	2,000,000	-	(2,000,000)	-
Industrial and Commercial Bank of China Ltd. - H Shares	-	11,009,000	(11,009,000)	-
Inno-Tech Holdings Ltd.	-	8,400,000	(8,400,000)	-
Intime Department Store (Group) Co. Ltd.	1,126,000	1,092,500	(2,218,500)	-
Jiangxi Copper Co. Ltd. - H shares	-	446,000	(446,000)	-
Johnson Electric Holdings Ltd.	-	1,280,000	-	1,280,000
Kaisa Group Holdings Ltd.	-	4,000,000	-	4,000,000
Kingdee International Software Group Co. Ltd.	-	5,000,000	(5,000,000)	-
Kingworld Medicines Group Ltd.	4,900,000	5,200,000	(10,100,000)	-
Kunlun Energy Co. Ltd.	-	1,620,000	(1,620,000)	-
Larry Jewelry International Co. Ltd.	13,400,000	-	(13,400,000)	-
Lenovo Group Ltd.	-	1,000,000	(1,000,000)	-
Longfor Properties Co. Ltd.	-	2,100,000	(500,000)	1,600,000
Luk Fook Holdings (International) Ltd.	800,000	500,000	(1,300,000)	-
New World Development Co. Ltd.	-	400,000	(400,000)	-
Noble House (China) Holdings Ltd.	6,948,000	-	(6,948,000)	-

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)**  
**AS AT 31 DECEMBER 2012**

	1 January 2012 Shares	Holdings		31 December 2012 Shares
		Additions Shares	Disposals Shares	
<b>Listed equities</b>				
<b>Hong Kong</b>				
Oriental Watch Holdings Ltd.	4,500,000	-	(4,500,000)	-
Pacific Basin Shipping Ltd.	-	3,400,000	(3,400,000)	-
Parkson Retail Group Ltd.	-	1,084,500	(1,084,500)	-
Peak Sport Products Co., Ltd.	-	7,500,000	(7,500,000)	-
PetroChina Co. Ltd. - H Shares	-	1,000,000	(1,000,000)	-
Ping An Insurance (Group) Co. of China Ltd. - H Shares	-	200,000	(200,000)	-
Prince Frog International Holdings Ltd.	-	1,443,000	-	1,443,000
Real Nutraceutical Group Ltd.	-	2,088,000	(2,088,000)	-
Sany Heavy Equipment International Holdings Co. Ltd.	-	800,000	(800,000)	-
Silver Base Group Holdings Ltd.	-	5,800,000	(5,800,000)	-
Sinopharm Group Co. Ltd. - H Shares	-	1,200,000	(1,200,000)	-
SJM Holdings Ltd.	1,800,000	-	(1,800,000)	-
Skyworth Digital Holdings Ltd.	-	13,000,000	(13,000,000)	-
Stelux Holdings International Ltd.	-	1,810,000	-	1,810,000
Sunac China Holdings Ltd.	-	2,500,000	-	2,500,000
Swire Properties Ltd.	-	306,600	(306,600)	-
TCL Communication Technology Holdings Ltd.	-	5,336,000	(5,336,000)	-
TCL Multimedia Technology Holdings Ltd.	-	1,470,000	(1,470,000)	-
Tencent Holdings Ltd.	-	44,300	(44,300)	-
Tianneng Power International Ltd.	7,046,000	-	(7,046,000)	-
UKF (Holdings) Ltd.	-	30,700,000	(1,250,000)	29,450,000
Vision Fame International Holding Ltd.	-	10,000,000	(5,150,000)	4,850,000
Xinyi Glass Holdings Ltd.	-	4,500,000	-	4,500,000
Yuexiu Property Co. Ltd.	-	12,000,000	(12,000,000)	-
Zhejiang Expressway Co. Ltd. - H Shares	-	876,000	(876,000)	-
Zoomlion Heavy Industry Science and Technology Co., Ltd. - H Shares	-	1,000,000	(1,000,000)	-
ZTE Corporation - H Shares	-	1,500,000	(1,500,000)	-
361 Degrees International Ltd.	-	1,334,000	(1,334,000)	-

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012**

	% of net assets	
	2012	2011
<b>Listed shares</b>		
Hong Kong	99.81	74.46
Korea	-	0.05
<b>Derivative financial instruments</b>		
Hong Kong	-	1.06
<b>Total investments</b>	<u>99.81</u>	<u>75.57</u>
<b>Other net assets</b>	<u>0.19</u>	<u>24.43</u>
<b>Total net assets</b>	<u><u>100.00</u></u>	<u><u>100.00</u></u>

**CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

**PERFORMANCE RECORD (UNAUDITED)**

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

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

**(b) Total net asset value (at bid prices)**

	2012 HK\$	2011 HK\$	2010 HK\$
Total net asset value	285,245,311	305,234,056	553,665,033

**(c) Net asset value per unit (at bid prices)**

Net asset value per unit	9.05	9.48	18.32
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## **CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND**

### **ADMINISTRATION**

#### **Manager**

CCB International Asset Management Limited  
34/F, Two Pacific Place  
88 Queensway  
Admiralty  
Hong Kong

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

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

#### **Trustee and registrar**

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

#### **Legal Advisers**

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

#### **Auditors**

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