

REPORTS AND FINANCIAL STATEMENTS

CCBI GLOBAL PREMIUM SELECTION FUND

**(A SUB-FUND OF GRAND REJUVENATION ASSET ALLOCATION
FUND SERIES)**

31st December 2019

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

31st December 2019

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GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

ADMINISTRATION AND MANAGEMENT

Manager

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

Auditor

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

Directors of the Manager

Hung Yat
Li Ngai
Li Yuezhong (Resigned 31 Jan 2019)
Lo Chak Bong Alfred Bing
Yam Wang Lap

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

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

GRAND REJUVENATION ASSET ALLOCATION 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 Grand Rejuvenation Asset Allocation Fund Series for the year ended 31st December 2019 in accordance with the provisions of the Trust Deed dated 28th November 2014 and the supplemental deed dated 24th March 2016 and 2nd Supplemental Deed dated 17th May 2018.

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

27 April 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE AND THE MANAGER OF
GRAND REJUVENATION ASSET ALLOCATION 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 Grand Rejuvenation Asset Allocation Fund Series) set out on pages 7 to 39, which comprise the statement of net assets as at 31st December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31st December 2019, 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 2019, and of its financial performance and its cash flows for the year ended 31st December 2019, 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 ("HKSAs") 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE AND THE MANAGER OF
GRAND REJUVENATION ASSET ALLOCATION FUND SERIES
(THE "FUND") (CONTINUED)**

Responsibilities of the 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"), 2nd Supplemental Deed dated 17th May 2018 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.

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 HKSAAs 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE AND THE MANAGER OF
GRAND REJUVENATION ASSET ALLOCATION 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.

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.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEE AND THE MANAGER OF
GRAND REJUVENATION ASSET ALLOCATION FUND SERIES
(THE "FUND") (CONTINUED)**

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.

Certified Public Accountants
Hong Kong
27 April 2020

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

STATEMENT OF NET ASSETS

As at 31st December 2019

	Notes	<u>CCBI Global</u>	
		<u>Premium Selection Fund</u>	
		2019	2018
		HK\$	HK\$
ASSETS			
Current assets			
Financial assets at fair value through profit or loss	6	124,687,308	92,000,575
Interest and dividend receivable		441,585	670,097
Prepayments		5,500	-
Cash and cash equivalents	7	7,732,467	23,581,832
Total assets		<u>132,866,860</u>	<u>116,252,504</u>
LIABILITIES			
Current liabilities			
Management fee payable	4(a)	91,815	79,494
Trustee fee payable	4(b)	72,000	72,000
Organisation costs payable		165,968	165,968
Accrued expenses and other payables		79,854	188,544
Total liabilities		<u>409,637</u>	<u>506,006</u>
EQUITY			
Net assets attributable to unitholders	9	<u><u>132,457,223</u></u>	<u><u>115,746,498</u></u>

The notes on pages 13 to 39 form an integral part of these financial statements.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

STATEMENT OF NET ASSETS (CONTINUED)

As at 31st December 2019

	Note	<u>Premium</u>	<u>CCBI Global Selection Fund</u>
		2019	2018
		HK\$	HK\$
Units in issue			
Class A	9	-	-
Class B	9	1,200,000	1,200,000
Net asset value as at 31st December attributable to			
Class A	9	-	-
Class B	9	132,457,223	115,746,498
		<u>132,457,223</u>	<u>115,746,498</u>
Net asset value per unit			
Class A		-	-
Class B		<u>110.38</u>	<u>96.46</u>

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

.....
Manager
CCB INTERNATIONAL ASSET
MANAGEMENT LIMITED

The notes on pages 13 to 39 form an integral part of these financial statements.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31st December 2019

	Notes	2019 HK\$	CCBI Global Premium Selection Fund 2018 HK\$
INCOME / (LOSS)			
Dividend income		1,640,764	2,660,761
Interest income on bank deposits		287,432	40,649
Net gains / (losses) on financial assets at fair value through profit or loss	6	16,550,319	(12,537,930)
Net exchange gain / (losses)		(102,351)	(127,370)
		<hr/>	<hr/>
Total income / (loss)		18,376,164	(9,963,890)
		<hr/>	<hr/>
EXPENSES			
Management fee	4(a)	(1,010,096)	(1,005,475)
Trustee fee	4(b)	(432,000)	(432,000)
Professional fees		(5,298)	(57,545)
Auditor's remuneration		(163,380)	(189,938)
Transaction handling fee		(15,294)	(20,175)
Other operating expenses		(39,371)	(72,416)
		<hr/>	<hr/>
Total expenses		(1,665,439)	(1,777,549)
		<hr/>	<hr/>
Net income / (loss) before tax		16,710,725	(11,741,439)
		<hr/>	<hr/>
Profit / (loss) and total comprehensive income		16,710,725	(11,741,439)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 39 form an integral part of these financial statements.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

STATEMENT OF CHANGES IN EQUITY

Year ended 31st December 2019

	<u>CCBI Global</u> <u>Premium Selection Fund</u> HK\$
Balance at the period ended 1st January 2018	127,487,937
Loss and total comprehensive income	<u>(11,741,439)</u>
Balance at the year ended 31st December 2018	115,746,498
Issue of units	130,296,000
Redemption of units	<u>(130,296,000)</u>
Net subscription	-
Profit and total comprehensive income	<u>16,710,725</u>
Balance at the year ended 31st December 2019	<u><u>132,457,223</u></u>

The notes on pages 13 to 39 form an integral part of these financial statements.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

STATEMENT OF CASH FLOWS

Year ended 31st December 2019

	<u>CCBI Global Premium Selection Fund</u>	
	2019 HK\$	2018 HK\$
Cash flows from operating activities		
Profit / (loss) and total comprehensive income	16,710,725	(11,741,439)
Adjustments for:		
Interest income on bank deposits	(287,432)	(40,649)
Dividend income	(1,640,764)	(2,660,761)
Net (gains)/losses on financial assets at fair value through profit or loss	(16,550,319)	12,537,930
Payments on purchase of financial assets through profit or loss	(32,762,970)	(11,654,395)
Proceeds from sales of financial assets through profit or loss	16,626,556	28,646,382
	<hr/>	<hr/>
	(17,904,204)	15,087,068
Working capital adjustments:		
(Increase) / decrease in prepayments	(5,500)	5,219
Decrease in organisation costs payable	-	(377,073)
Increase / (decrease) in management fees payable	12,321	(6,384)
Increase in trustee fees payable	-	12,000
(Decrease) / increase accrued expenses and other payables	(108,690)	17,490
	<hr/>	<hr/>
Net cash (used in) / from operations	(18,006,073)	14,738,320
Interest received	286,661	35,498
Dividend received (net of withholding tax)	1,870,047	2,468,842
	<hr/>	<hr/>
Net cash (used in) / from operating activities	(15,849,365)	17,242,660

The notes on pages 13 to 39 form an integral part of these financial statements.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31st December 2019

	<u>CCBI Global</u> <u>Premium Selection Fund</u>	
	2019 HK\$	2018 HK\$
Cash flows from financing activities		
Proceeds from issue of units	130,296,000	-
Payments on redemption of units	(130,296,000)	-
	<hr/>	<hr/>
Net cash from financing activities	-	-
	<hr/>	<hr/>
Net (decrease) / increase in cash and cash equivalents	(15,849,365)	17,242,660
Cash and cash equivalents at beginning of the year	23,581,832	6,339,172
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	7,732,467	23,581,832
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents:		
Cash at bank	183,850	16,581,832
Fixed deposits with original maturities of three months or less	7,548,617	7,000,000
	<hr/>	<hr/>
	7,732,467	23,581,832
	<hr/>	<hr/>

The notes on pages 13 to 39 form an integral part of these financial statements.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

1. The Fund and the Sub-Fund

Grand Rejuvenation Asset Allocation 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 no sub-fund launched during the year ended 31st December 2019 (Year ended 31st 2018: no sub-fund).

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	13th June 2017

On 13th June 2017, Grand Rejuvenation Asset Allocation 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 year ended 31st December 2019 and 2018, 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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

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.

Standards and amendments to existing standards effective 1 January 2019

HK(IFRIC) - Int 23 Uncertainty over Income Tax Treatments

On 28 July 2017, HKICPA issued HK(IFRIC) Intl - 23 Uncertainty Over Income Tax Treatments ("HK(IFRIC) 23"), which clarifies how the recognition and measurement requirements of HKAS 12 Income taxes are applied where there is uncertainty over income tax treatments. HK(IFRIC) – Int 23 is effective for annual periods beginning on or after 1 January 2019.

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of HKAS 12. The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profits (tax losses), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

The interpretation is to be applied retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Sub-Fund adopted the interpretation from 1 January 2019. The interpretation does not have significant impact on the Sub-Fund's financial statements.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

2. Summary of significant accounting policies (continued)

New standards, amendments and interpretations which are relevant to the Sub-Fund and effective for the financial year after 1st January 2019 and have not been early adopted

Amendments to HKAS 1 and HKAS 8 Definition of Material

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Sub-Fund expects to adopt the amendments prospectively from 1st January 2020. The amendments are not expected to have any significant impact on the Sub-Fund's financial statements.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have material impact on the Sub-Fund.

(b) Financial instruments

In the current year, the Sub-Fund has adopted HKFRS 9 *Financial Instruments*.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Sub-Fund's business model for managing them. The Sub-Fund initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Sub-Fund's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Sub-Fund commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

As at 31st December 2019 and 2018, all the collective investment schemes are classified, at initial recognition, as financial assets through profit or loss while interest and dividend receivable and cash and cash equivalents are classified as financial assets at amortised cost.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

2. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Sub-Fund measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method (see accounting policy on the description for effective interest method at financial liabilities below) and are subject to impairment (see accounting policy on impairment of financial assets below). Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

2. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

As at 31st December 2019 and 2018, the Sub-Fund's financial liabilities include relating to management fee payable, trustee fee payable, organization costs payable and accruals and other payables which are measured at amortised cost and the net assets attributable to unitholders being measured at fair value.

Subsequent measurement

The Sub-Fund's financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets at FVTPL, of which interest income is included in interest income on interest bearing securities.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either:

- (a) the Sub-Fund has transferred substantially all the risks and rewards of the asset; or
- (b) the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

2. Summary of significant accounting policies (continued)

(b) Financial instruments (continued)

Financial liabilities (continued)

Derecognition (continued)

When the Sub-Fund has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained.

The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

(c) Impairment of financial assets

The Sub-Fund holds only short-term receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under HKFRS 9 to all its short-term receivables. Therefore, the Sub-Fund does not track changes in credit risk, but instead, recognises a loss allowance based on lifetime ECLs at each reporting date.

The Sub-Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Sub-Fund uses the provision matrix as a practical expedient to measuring ECLs on short-term receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

The Sub-Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

(d) Fair value measurement and valuation of investments in other collective investment schemes

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 8(d).

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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

2. Summary of significant accounting policies (continued)

(e) 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.

(f) Income

Dividend income

Dividend income is recognised on the date on which the investments are quoted ex-dividend or, where no ex-dividend date is quoted when the Sub-Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding taxes.

Interest income

Interest income is recognised using the effective interest rate method.

Net gains or losses on financial assets through profit or loss

This item includes changes in the fair value of financial assets held for trading and excludes interest and dividend income.

Unrealized gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealized gains and losses for financial instruments which were realized in the reporting period.

Realized gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount

(g) Expenses

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

(h) 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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

2. Summary of significant accounting policies (continued)

(h) Foreign currency translation (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the 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 fixed deposit, interest and dividend receivable and cash and cash equivalents are presented in the statement of profit or loss and other comprehensive income within “Net exchange differences”.

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/(losses) on financial assets at fair value through profit or loss”.

(i) 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.

(j) 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.

(k) 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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

2. Summary of significant accounting policies (continued)

(l) Accrued expenses and other payables

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

(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 (the “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/(losses) on financial assets at fair value through profit or loss”.

(n) 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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

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.

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 rates of management fee for the year ended 31st December 2019 and 2018 are as follows:

<u>Sub-Fund</u>	<u>Rate of Management Fee (p.a.)</u>			
	Class A	Class B	Class A	Class B
	Units	Units	Units	Units
	2019	2019	2018	2018
CCBI Global Premium Selection Fund	1.00%	0.80%	1.00%	0.80%

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

For the year ended 31st December 2019, Management Fee was HK\$1,010,096 (2018: HK\$1,005,475). As at 31 December 2019, Management Fee of HK\$91,815 (2018: HK\$79,494) was payable to Manager.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

4. Fees (continued)

(b) Trustee fee

The Trustee Fee is inclusive of fees payable to the Custodian, the Registrar and Transfer Agent and the RQFII Custodian unless otherwise specified.

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.

For the years ended 31st December 2019 and 2018, 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.

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 for the year ended 31st December 2019 and 2018. Actual safekeeping fee is based on the market value of the Sub-Fund at the end of the month.

For the year ended 31st December 2019, Trustee Fee was HK\$432,000 (2018: HK\$432,000) inclusive of Custodian Fee and Register and Transfer Fee. As at 31 December 2019, Trustee Fee of HK\$72,000 (2018: HK\$72,000) was payable to Trustee.

(c) Servicing fee, switching fee, subscription charge and redemption charge

For the years ended 31st December 2019 and 2018, 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 and the 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.

(d) Performance fee

For the years ended 31st December 2019 and 2018, the Manager does not entitle to receive a performance fee for the Class A Units and Class B Units of the Sub-Fund.

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.

There is no withholding tax attributable to the Sub-Fund in current year (2018: HK\$ nil).

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

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

	CCBI Global Premium Selection Fund	
	2019	2018
	HK\$	HK\$
Financial assets held for trading		
- collective investment schemes	124,687,308	92,000,575
Total financial assets at fair value through profit or loss	<u>124,687,308</u>	<u>92,000,575</u>
	2019	2018
	HK\$	HK\$
Gains/ (losses) recognised in relation to financial assets at fair value through profit or loss		
- realized	101,297	(3,199,078)
- unrealized	16,449,022	(9,338,852)
Net gains/ (losses)	<u>16,550,319</u>	<u>(12,537,930)</u>

7. Cash and cash equivalents

	CCBI Global Premium Selection Fund	
	2019	2018
	HK\$	HK\$
Bank balance	183,850	16,581,832
Fixed deposit	7,548,617	7,000,000
	<u>7,732,467</u>	<u>23,581,832</u>

The cash at bank of the Sub-Fund is being held in an interest bearing account with ICBC (Asia) Trustee Company Limited, an affiliate company of the Trustee.

The fixed deposit of the Sub-Fund is being held in ICBC (Asia) Trustee Company Limited with interest bearing ranged 1.8% to 2.16% per annum. The original maturities of the fixed deposit is less than three months.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. 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 foreign exchange 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.

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

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. Financial risk management (continued)

(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 or 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 2019 and 2018. The analysis is based on the assumption that the underlying investments in the collective investment schemes increased or 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.

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 2019	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\$
				+/-	+/-
CCBI Global Premium Selection Fund					
- Collective investment scheme					
Hong Kong	47,240,907	47,240,907	35.67	1	472,409
Ireland	22,653,423	22,653,423	17.10	1	226,534
Luxembourg	38,052,978	38,052,978	28.73	1	380,529
United States of America	16,740,000	16,740,000	12.64	1	167,400

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. Financial risk management (continued)

(a) Market risk (continued)

(i) Price risk (continued)

As at 31st December 2018	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\$
				+/-	+/-
CCBI Global Premium Selection Fund					
- Collective investment scheme					
Germany	5,511,037	5,511,037	4.76	1	55,110
Hong Kong	36,454,766	36,454,766	31.50	1	364,548
Ireland	19,084,295	19,084,295	16.49	1	190,843
Luxembourg	16,752,977	16,752,977	14.47	1	167,530
United States of America	14,197,500	14,197,500	12.27	1	141,975

(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 2019 and 2018, and therefore no sensitivity analysis is presented.

(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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

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 2019

(Presented in HK\$)

	GBP	EUR	USD	HKD	Total
Monetary assets					
Financial assets at fair value through profit or loss	22,653,423	-	85,293,885	16,740,000	124,687,308
Interest and dividend receivable	-	-	439,898	1,687	441,585
Prepayment	-	-	-	5,500	5,500
Cash and cash equivalents	35	31,417	5,682,207	2,018,808	7,732,467
Total monetary assets	<u>22,653,458</u>	<u>31,417</u>	<u>91,415,990</u>	<u>18,765,995</u>	<u>132,866,860</u>
Total monetary liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409,637)</u>	<u>(409,637)</u>
Net monetary assets	<u>22,653,458</u>	<u>31,417</u>	<u>91,415,990</u>	<u>18,356,358</u>	<u>132,457,223</u>
% change in currency	<u>10%</u>	<u>10%</u>			
Impact on net assets	<u>2,265,345</u>	<u>3,141</u>			

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. Financial risk management (continued)

(a) Market risk (continued)

(iii) Foreign exchange risk (continued)

CCBI Global Premium Selection Fund

As at 31st December 2018

(Presented in HK\$)

	GBP	EUR	USD	HKD	Total
Monetary assets					
Financial assets at fair value through profit or loss	19,084,295	5,511,037	42,967,743	24,437,500	92,000,575
Interest and dividend receivable	-	-	665,264	4,833	670,097
Cash and cash equivalents	34	122,611	15,584,979	7,874,208	23,581,832
Total monetary assets	19,084,329	5,633,648	59,217,986	32,316,541	116,252,504
Total monetary liabilities	-	-	-	(506,006)	(506,006)
Net monetary assets	19,084,329	5,633,648	59,217,986	31,810,535	115,746,498
% change in currency	10%	10%			
Impact on net assets	1,908,433	563,365			

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. 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 and EUR.

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 gates 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 year 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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. Financial risk management (continued)

(b) Liquidity risk (continued)

CCBI Global Premium Selection Fund

As at 31st December 2019	Less than 7 days HK\$	7 days to 1 month HK\$	1-12 months HK\$	Total HK\$
Management fee payable	-	91,815	-	91,815
Trustee fee payable	-	72,000	-	72,000
Organisation costs payable	-	-	165,968	165,968
Accrued expenses and other payables	-	-	79,854	79,854
	<hr/>	<hr/>	<hr/>	<hr/>
Contractual cash out flows (excluding derivatives)	-	163,815	245,822	409,637
	<hr/>	<hr/>	<hr/>	<hr/>
As at 31st December 2018	Less than 7 days HK\$	7 days to 1 month HK\$	1-12 months HK\$	Total HK\$
Management fee payable	-	79,494	-	79,494
Trustee fee payable	-	72,000	-	72,000
Organisation costs payable	-	-	165,968	165,968
Accrued expenses and other payables	-	-	188,544	188,544
	<hr/>	<hr/>	<hr/>	<hr/>
Contractual cash out flows (excluding derivatives)	-	151,494	354,512	506,006
	<hr/>	<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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. Financial risk management (continued)

(b) Liquidity risk (continued)

The following table illustrates the expected liquidity of assets held:

CCBI Global Premium Selection Fund

As at 31st December 2019	Less than 7 days HK\$	7 days to 1 month HK\$	1-12 months HK\$	1-3 years HK\$	Total HK\$
Total assets	124,876,711	7,990,149	-	-	132,866,860

As at 31st December 2018	Less than 7 days HK\$	7 days to 1 month HK\$	1-12 months HK\$	1-3 years HK\$	Total HK\$
Total assets	108,582,407	7,670,097	-	-	116,252,504

(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.

Financial assets subject to HKFRS 9's impairment requirements

As at 31 December 2019 and 2018, the Sub-Fund's financial assets subject to the expected credit loss model within HKFRS 9 are interest and dividend receivable and cash and cash equivalents.

The Sub-Fund has adopted general approach for these financial assets subject to HKFRS 9's impairment requirements. The loss allowance shown, if any, is therefore based on 12-month or life time ECLs for general approach depending on the credit quality of each respective financial assets.

As at 31 December 2019 and 2018, all the financial assets subject to HKFRS 9's impairment requirements with general approach are based on 12-month ECLs as no significant increase in credit risk since initial recognition for these financial assets.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. Financial risk management (continued)

(c) Credit and counterparty risk (continued)

Financial assets subject to HKFRS 9's impairment requirements (continued)

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. At 31st December 2019 and 2018, no loss allowance had been provided. No assets are considered impaired and no amounts have been written off in the period.

Financial assets not subject to HKFRS 9's impairment requirements

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 2019 and 2018.

CCBI Global Premium Selection Fund

As at 31st December 2019

	HK\$	Credit rating	Source of credit rating
<u>Bank</u>			
Industrial and Commercial Bank of China (Asia) Limited	7,732,467	A1	Moody's
<u>Custodian</u>			
Industrial and Commercial Bank of China (Asia) Limited	124,687,308	A1	Moody's

As at 31st December 2018

	HK\$	Credit rating	Source of credit rating
<u>Bank</u>			
Industrial and Commercial Bank of China (Asia) Limited	23,581,832	A1	Moody's
<u>Custodian</u>			
Industrial and Commercial Bank of China (Asia) Limited	92,000,575	A1	Moody's

The maximum exposure to credit risk at year 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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. 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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. 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 2019 and 2018:

CCBI Global Premium Selection Fund

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31st December 2019				
Assets				
Financial assets at fair value through profit or loss:				
- Collective investment schemes	39,393,423	85,293,885	-	124,687,308
Total financial assets	39,393,423	85,293,885	-	124,687,308
	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
As at 31st December 2018				
Assets				
Held for trading at fair value through profit or loss:				
- Collective investment schemes	49,032,832	42,967,743	-	92,000,575
Total financial assets	49,032,832	42,967,743	-	92,000,575

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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

8. Financial risk management (continued)

(d) Fair value estimation (continued)

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 2019 and 2018, 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.

(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.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

9. 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>			
	2019 Class A	2019 Class B	2018 Class A	2018 Class B
Units outstanding at the beginning of the year	-	1,200,000	-	1,200,000
Units redeemed	-	(1,200,000)	-	-
Units issued	-	1,200,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Units outstanding at the end of the year	-	1,200,000	-	1,200,000
	<hr/>	<hr/>	<hr/>	<hr/>

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:

- 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
- 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:

	2019 HK\$	2018 HK\$
Published net assets attributable to unitholders	133,022,455	116,542,505
a) Adjustment on organisation costs	(565,232)	(796,007)
b) Adjustment on year-end expenses	-	-
	<hr/>	<hr/>
Net assets attributable to unitholders as per audited financial statements financial statements	132,457,223	115,746,498
	<hr/>	<hr/>

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

10. 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 to the financial statements and below.

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

Bank balances, including the fixed deposit, maintained with the connected person of the Manager as at 31st December 2019 and 2018 were as follows:

	2019 HK\$	2018 HK\$
CCBI Global Premium Selection Fund	<u>7,732,467</u>	<u>23,581,832</u>

(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 year ended 31st December 2019 and 2018 were as follows:

	Year ended 31st December 2019 HK\$	Year ended 31st December 2018 HK\$
CCBI Global Premium Selection Fund	<u>287,432</u>	<u>40,649</u>

(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 2019, 1,200,000 of Class B Units (31st December 2018: 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 year ended 31st December 2019 and 2018 since it is waived in accordance with the explanatory memorandum the Sub-Fund.

GRAND REJUVENATION ASSET ALLOCATION FUND SERIES

NOTES TO THE FINANCIAL STATEMENTS

31st December 2019

11. 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.

12. Distributions to unitholders

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

13. Subsequent events

The outbreak of Coronavirus Disease ("COVID-19 outbreak") in early 2020 has had significant impact on global financial markets. The Manager will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Sub-Fund. Any impact incurred by the COVID-19 outbreak is considered to be a non-adjusting event after the reporting period. The Manager will continue to remain alert to the situation and monitor the subscriptions and redemptions of the Sub-Fund.

14. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 27 April 2020.

CCBI GLOBAL PREMIUM SELECTION FUND

INVESTMENT PORTFOLIO – CCBI GLOBAL PREMIUM SELECTION FUND (UNAUDITED)

AS AT 31ST DECEMBER 2019

Denominated in HKD

	Holding	Fair value HK\$	% of net assets
Listed/Quoted Investments			
Collective Investment Schemes			
Hong Kong			
Haitong Asian High Yield Bond Fund – Class I (USD)	27,955	21,266,448	16.06
JPMORGAN VIETNAM OPPORTUNITIES FUND	108,383	14,389,148	10.86
CUAM CHINA-HONG KONG STRATEGY FUND - Class I	501,681	11,585,311	8.75
Ireland			
iShares European Property Yield	56,334	22,653,423	17.10
Luxembourg			
Fundsmith Equity Fund Feeder I ACC USD	104,457	21,688,194	16.37
Fullgoal China Small-Mid Cap Growth Fund – II USD	1,138	16,364,784	12.35
United States			
SPDR Gold Trust	15,000	16,740,000	12.64
TOTAL INVESTMENTS PORTFOLIO		124,687,308	94.13
OTHER NET ASSETS		7,769,915	5.87
NET ASSETS AS AT 31ST DECEMBER 2019		132,457,223	100.00
TOTAL INVESTMENT, AT COST		109,905,346	

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

CCBI GLOBAL PREMIUM SELECTION FUND

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE YEAR ENDED 31ST DECEMBER 2019

	At 1st January 2019	Additions	Disposal	At 31st December 2019
Listed/Quoted Investments				
Collective Investment Schemes				
Germany				
Comstage Alphaplust Ucuts ETF	6,355	-	(6,355)	-
Hong Kong				
Haitong Asian High Yield Bond Fund Class I *(USD)	26,457	1,498	-	27,955
Hang Seng CEI ETF	100,000	-	(100,000)	-
JPMorgan Vietnam Opportunities (acc) - USD	54,183	54,200	-	108,383
Cuam China-Hong Kong Strategy Fund - Class I	-	501,681	-	501,681
Ireland				
iShares European Property Yield	56,334	-	-	56,334
Luxembourg				
Fundsmith Equity Fund Feeder I ACC USD	104,457	-	-	104,457
Fullgoal China Small-Mid Cap Growth Fund – II USD	-	1,138	-	1,138
United States				
SPDR GOLD TRUST	15,000	-	-	15,000

CCBI GLOBAL PREMIUM SELECTION FUND

PERFORMANCE TABLE (UNAUDITED)

NET ASSET VALUES

Sub-Fund	Financial year 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	31.12.2019	-	132,457,223	-	110.38
	31.12.2018	-	115,746,498	-	96.46
	31.12.2017 ¹	-	127,487,937	-	106.24

¹ Year of inception

CCBI Global Premium Selection Fund

PERFORMANCE RECORD (UNAUDITED)

Sub-Fund	Financial year ended	Highest price per unit		Lowest price per unit	
		Class A HK\$	Class B HK\$	Class A HK\$	Class B HK\$
CCBI Global Premium Selection Fund	31.12.2019	-	110.85	-	96.30
	31.12.2018	-	112.66	-	96.04
	31.12.2017 ¹	-	107.10	-	99.55

¹ Year of inception