

REPORTS AND FINANCIAL STATEMENTS

CCB INTERNATIONAL FUND SERIES

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

**(A sub-fund of an open-ended unit trust established as an umbrella fund under
the laws of the Hong Kong)**

FOR THE YEAR ENDED 31 DECEMBER 2020

CCB INTERNATIONAL FUND SERIES

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

(A sub-fund of an open-ended unit trust established as an umbrella fund under the laws of the Hong Kong)

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CCB INTERNATIONAL FUND SERIES

CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

(A sub-fund of an open-ended unit trust established as an umbrella fund under the laws of the Hong Kong)

REPORT OF THE TRUSTEE

We hereby confirm that, in our opinion, the Sub-Fund has, in all material respects, been managed in accordance with the provisions of the Trust Deed dated 12 January 2009, as amended, for the year ended 31 December 2020.

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)
) For and on behalf of
) HSBC Institutional Trust Services
) (Asia) Limited
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**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF CCB INTERNATIONAL – CHINA POLICY DRIVEN FUND**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CCB International – China Policy Driven Fund (the “Sub-Fund” of CCB International Fund Series) set out on pages 6 to 34, which comprise the statement of financial position as at 31 December 2020, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year ended 31 December 2020, 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 31 December 2020, and of its financial performance and its cash flows for the year ended 31 December 2020, in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Sub-Fund in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information in the Annual Report

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

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

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

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF CCB INTERNATIONAL – CHINA POLICY DRIVEN 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 IFRSs issued by the ISAB, 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 12 January 2009, as amended, and 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 disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF CCB INTERNATIONAL – CHINA POLICY DRIVEN 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.

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 2021

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

STATEMENT OF NET ASSETS

AS AT 31 DECEMBER 2020

	Notes	2020 HK\$	2019 HK\$
ASSETS			
CURRENT ASSETS			
Financial assets at fair value through profit or loss	6	234,608,684	193,088,440
Amount due from brokers		7,984,005	-
Amount due from unitholders on subscription of units		291,101	39,176
Interest receivables		-	1,551
Prepaid expense		131,932	155,904
Other receivables		-	29,300
Cash and cash equivalents	7(b)	<u>5,415,580</u>	<u>18,849,055</u>
Total assets		<u>248,431,302</u>	<u>212,163,426</u>
LIABILITIES			
CURRENT LIABILITIES			
Amount due to brokers		5,014,393	-
Amounts due to unitholders on redemption of units		436,639	749,632
Management fee payable	7(a)	337,034	315,019
Trustee fee payable	7(c)	83,394	91,757
Transaction fee payable	7(c)	6,590	2,726
Other payables		<u>185,367</u>	<u>59,118</u>
Total liabilities		<u>6,063,417</u>	<u>1,218,252</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u>242,367,885</u>	<u>210,945,174</u>

Approved by the Trustee and the Manager on 27 April 2021.

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

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

The accompanying notes on pages 9 to 33 are an integral part of these financial statements.

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

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK\$	2019 HK\$
Dividend income		3,553,125	8,329,818
Interest income	7(b)	34,807	134,996
Other income		999	20,375
Net gains on financial assets at fair value through profit or loss	4	73,313,702	33,334,075
Net foreign exchange losses		<u>(56,667)</u>	<u>(25,684)</u>
		<u>76,845,966</u>	<u>41,793,580</u>
Management fee	7(a)	(3,659,398)	(3,840,054)
Trustee fee	7(c)	(737,942)	(720,905)
Transaction fee	7(c),11	(58,765)	(43,909)
Auditor's remuneration		(182,000)	(179,000)
Brokerage commission and other transaction costs	11	(1,066,161)	(806,461)
Safe custody and bank charges	7(b)	(60,935)	(62,349)
Legal and professional fees		(707,340)	(73,535)
Other expenses		<u>(62,710)</u>	<u>(23,040)</u>
Operating expenses		<u>(6,535,251)</u>	<u>(5,749,253)</u>
Profit before taxation		70,310,715	36,044,327
Withholding taxes	5	<u>(170,703)</u>	<u>(287,221)</u>
Total comprehensive income for the year		<u><u>70,140,012</u></u>	<u><u>35,757,106</u></u>

The accompanying notes on pages 9 to 33 are an integral part of these financial statements.

CCB INTERNATIONAL FUND SERIES
- CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 Number of units	2020 HK\$	2019 Number of units	2019 HK\$
Balance at beginning of 1 January	9	<u>20,747,499</u>	<u>210,945,174</u>	<u>24,581,624</u>	<u>211,556,064</u>
Total comprehensive income for the year		<u>-</u>	<u>70,140,012</u>	<u>-</u>	<u>35,757,106</u>
Issue of units					
HKD Class	9	<u>1,235,428</u>	<u>13,508,711</u>	<u>1,853,544</u>	<u>17,776,758</u>
		<u>1,235,428</u>	<u>13,508,711</u>	<u>1,853,544</u>	<u>17,776,758</u>
Redemption of units					
HKD Class	9	<u>(4,211,480)</u>	<u>(46,414,794)</u>	<u>(5,687,669)</u>	<u>(54,144,754)</u>
RMB Class	9	<u>(499,850)</u>	<u>(5,811,218)</u>	<u>-</u>	<u>-</u>
		<u>(4,711,330)</u>	<u>(52,226,012)</u>	<u>(5,687,669)</u>	<u>(54,144,754)</u>
Total transactions with unitholders		<u>(3,475,902)</u>	<u>(38,717,301)</u>	<u>(3,834,125)</u>	<u>(36,367,996)</u>
Balance at end of 31 December		<u><u>17,271,597</u></u>	<u><u>242,367,885</u></u>	<u><u>20,747,499</u></u>	<u><u>210,945,174</u></u>

The accompanying notes on pages 9 to 33 are an integral part of these financial statements.

CCB INTERNATIONAL FUND SERIES
- CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 HK\$	2019 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Total comprehensive income for the year		70,140,012	35,757,106
Adjustments for:			
Dividend income		(3,553,125)	(8,329,818)
Interest income		(34,807)	(134,996)
Withholding taxes		<u>170,703</u>	<u>287,221</u>
Net cash generated from operating activities before working capital changes		66,722,783	27,579,513
Increase in investments		(41,520,244)	(19,956,874)
(Increase)/decrease in amount due from brokers		(7,984,005)	1,619
Decrease in prepaid expense		23,972	56,608
Decrease/(increase) in other receivables		29,300	(29,300)
Increase in amount due to brokers		5,014,393	-
Increase/(decrease) in management fee payable	7(a)	22,015	(3,205)
(Decrease)/increase in trustee fee payable	7(c)	(8,363)	36,363
Increase in transaction fee payable	7(c)	3,864	1,356
Increase/(decrease) in other payables		<u>126,249</u>	<u>(161,326)</u>
Cash generated from operations		22,429,964	7,524,754
Dividend received		3,553,125	8,329,818
Interest received		36,358	136,083
Tax paid		<u>(170,703)</u>	<u>(287,221)</u>
Net cash generated from operating activities		<u>25,848,744</u>	<u>15,703,434</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units	9	13,256,786	18,107,259
Payments on redemption of units	9	<u>(52,539,005)</u>	<u>(53,812,073)</u>
Net cash used in financing activities		<u>(39,282,219)</u>	<u>(35,704,814)</u>
Net decrease in cash and cash equivalents		(13,433,475)	(20,001,380)
Cash and cash equivalents at beginning of the year		<u>18,849,055</u>	<u>38,850,435</u>
Cash and cash equivalents at end of the year, representing cash at bank		<u><u>5,415,580</u></u>	<u><u>18,849,055</u></u>

The accompanying notes on pages 9 to 33 are an integral part of these financial statements.

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

NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

1. General information

CCB International Fund Series (the “Trust”) was constituted as an open-ended unit trust established as an umbrella fund under the laws of Hong Kong pursuant to a trust deed dated 12 January 2009 (the “Trust Deed”) between CCB International Asset Management Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

CCB International - China Policy Driven Fund (the “Sub-Fund”) was constituted as a separate sub-fund of the Trust on 21 January 2009. The Sub-Fund is an open-ended unit trust and authorised by the Hong Kong Securities and Futures Commission under section 104(1) 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 “SFC Code”). The Sub-Fund is also a collective investment scheme which is included as permissible investment under the Capital Investment Entrant Scheme.

The purpose of the Sub-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.

2. Summary of 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 specified in Appendix E 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 Sub-Fund is set out below.

(b) Basis of preparation of the financial statements

The functional and presentation currency of the Sub-Fund is the Hong Kong dollar (“HK\$”).

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

The preparation of financial statements in conformity with IFRSs requires the 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 FUND SERIES
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NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

2. Summary of significant accounting policies (continued)

(c) Standards and amendments to existing standards effective 1 January 2020

The Sub-Fund has adopted the Conceptual Framework for Financial Reporting 2018 and the following new and revised IFRSs for the first time for the current year's financial statements, which are applicable to the Sub-Fund.

Amendments to IAS 1 and IAS 8

Definition of Material

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the new and revised IFRSs are described below:

- (a) Conceptual Framework for Financial Reporting (the “Conceptual Framework”) issued on 29 March 2018 which is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no significant impact on the financial statements of the Sub-Fund.
- (b) Amendments to IAS 1 and IAS 8 Definition of Material it the amendments which provide a new definition of material that states, “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, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Sub-Fund.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Sub-Fund.

(d) New standards, amendments and interpretations which are relevant to the Sub-Fund and effective for the financial year after 1 January 2020 and have not been early adopted

The Sub-Fund has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IAS 1

Classification of Liabilities as Current or Non-current¹

¹ Effective for annual periods beginning on or after 1 January 2023

**CCB INTERNATIONAL FUND SERIES
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NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

2. Summary of significant accounting policies (continued)

(d) New standards, amendments and interpretations which are relevant to the Sub-Fund and effective for the financial year after 1 January 2020 and have not been early adopted (continued)

- (a) On January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
- What is meant by a right to defer settlement
 - That a right to defer must exist at the end of the reporting period
 - That classification is unaffected by the likelihood that an entity will exercise its deferral right
 - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Sub-Fund is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

(e) Foreign currency

(i) Functional and presentation currency

The subscriptions and redemptions of the redeemable units denominated in HK\$ for HKD Class and in RMB for RMB Class. The performance of the Sub-Fund is measured and reported to the investors in HK\$ for HKD Class and in RMB for RMB Class. The Manager considers 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 Sub-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 gains/(losses) on financial assets at fair value through profit or loss'.

CCB INTERNATIONAL FUND SERIES
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NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

2. Summary of significant accounting policies (continued)

(f) Financial instruments

(i) Classification

In accordance with IFRS 9, the Sub-Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Sub-Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Sub-Fund includes in this category short-term non-financing receivables including amount due from brokers, amount due from unitholders on subscription of units, interest receivables, cash and cash equivalents and other receivables.

CCB INTERNATIONAL FUND SERIES
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NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

2. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

(i) Classification (continued)

Financial assets (continued)

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category:

- Listed equities: These include investments that are held under a business model to manage them on a fair value basis for investment income and fair value gains.

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Sub-Fund includes in this category management fee payable, trustee fee payable, transaction fee payable, amount due to brokers, amounts due to unitholders on redemption of units and other payables.

(ii) Recognition

The Sub-Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the asset.

(iii) Initial measurement

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Financial assets and liabilities (other than those classified as at FVPL) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

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NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

2. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

(iv) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gains / (losses) on financial assets at fair value through profit or loss'. Dividend and interest earned of such financial assets is recorded separately in 'Dividend income' and 'Interest income'.

Debit instruments, other than those classified as at FVPL, are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at FVPL, 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.

The effective interest method ("EIR") is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss 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 asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the 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 expected 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.

(v) 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 the Sub-Fund has:

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

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.

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

NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

2. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

(vi) Derecognition (continued)

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

(vii) Fair value estimation

The Sub-Fund measures its investments in financial instruments, such as interest bearing investments at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Sub-Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price or binding dealer price quotations, without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques, such as, recent arm's length market transactions, quotes from brokers and market makers, deemed to be appropriate in the circumstances.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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2. Summary of significant accounting policies (continued)

(f) Financial instruments (continued)

(vi) Fair value estimation (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the beginning of each reporting period.

(vii) 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 IFRS 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 trade 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.

(viii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where the Sub-Fund currently has a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(g) Amount 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.

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2. Summary of significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and short-term deposits in banks that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

(i) 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.

(j) Taxation

Under the section 26A(IA) of the Hong Kong Inland Revenue Ordinance, the Sub-Fund is exempt from paying income taxes.

The Sub-Fund currently incurs withholding taxes imposed by the People's Republic of China (the "PRC") 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.

(k) 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.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

Realised 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

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2. Summary of significant accounting policies (continued)

(l) Expenses

All expenses are recognised in statement of comprehensive income on an accrual basis.

(m) 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 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.

(n) Subscriptions and redemptions

The Sub-Fund recognises unitholders' subscriptions and allots units upon receipt of a valid subscription application and derecognises them upon receipt of a valid redemption application.

The Sub-Fund classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

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2. Summary of significant accounting policies (continued)

(o) Redeemable units

The Sub-Fund issue redeemable units, which are redeemable at the unitholder's option and are classified as liabilities in accordance with IAS 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 liabilities.

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.

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.

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 significant accounting estimates and critical judgements are made for the Sub-Fund.

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4. Net gains/(losses) on investments

	2020 HK\$	2019 HK\$
Net gains on investments		
- Realised gains/(losses)	23,446,286	(7,025,888)
- Change in unrealised gains	<u>49,867,416</u>	<u>40,359,963</u>
	<u><u>73,313,702</u></u>	<u><u>33,334,075</u></u>

5. Taxation

Taxation in the statement of comprehensive income represents:

	2020 HK\$	2019 HK\$
Overseas withholding taxes	<u>170,703</u>	<u>287,221</u>

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

Certain dividend income received by the Sub-Fund is subject to withholding tax imposed in the PRC which is charged at 10% of dividends received.

6. Financial asset at fair value through profit or loss

	2020 HK\$	2019 HK\$
Financial assets designated at fair value through profit or loss		
- Listed equities	<u>234,608,684</u>	<u>193,088,440</u>
Investments, at cost	163,518,240	171,865,412
Net unrealised appreciation in value of investments	<u>71,090,444</u>	<u>21,223,028</u>
Investments, at market value	<u><u>234,608,684</u></u>	<u><u>193,088,440</u></u>

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7. Transactions with the Manager, Trustee and Custodian and their Connected Persons

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Fund and the Manager, Trustee and Custodian and their Connected Persons. Connected Persons of the Manager and Trustee are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund and Manager, Trustee and Custodian and their 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 does not have any other transactions with Connected Persons except for those disclosed below:

(a) Management fee

The Manager receives a management fee, payable monthly in arrears, equivalent to 1.75% per annum of the net asset value of the Sub-Fund accrued on each dealing day, which is defined in the Sub-Fund's prospectus as every business day. The management fees charged and payable for the year are as follows:

	2020 HK\$	2019 HK\$
Management fees charged for the year	3,659,398	3,840,054
Management fees payable at year end	337,034	315,019

As set out in the Sub-Fund's prospectus, the Manager is not entitled to receive a performance fee for the years ended 31 December 2020 and 2019.

(b) Bank balances

The Sub-Fund maintains bank accounts with The Hongkong and Shanghai Banking Corporation Limited, which is the immediate holding company of the Trustee. The balances of the bank accounts amounted to HK\$5,415,580 as at 31 December 2020 (2019: HK\$18,849,055).

Interest income amounted to HK\$34,807 (2019: HK\$134,996) was earned from these bank balances during the year. Safe custody and bank charges of HK\$60,935 (2019: HK\$62,349) were charged during the year.

(c) Trustee and transaction fees

The Trustee receives a fee equivalent to 0.125% per annum for the first US\$50 million of the net asset value of the Sub-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 Sub-Fund for a fee of US\$130 per valuation day and provide oversight services required under the revised Unit Trust Code for a fee of US\$4,000 per annum. The trustee fees charged and payable for the year are as follows:

	2020 HK\$	2019 HK\$
Trustee's fees charged for the year	737,942	720,905
Trustee's fees payable at year end	83,394	91,757

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7. Transactions with the Manager, Trustee and Custodian and their Connected Persons (continued)

(c) Trustee and transaction fees (continued)

The Trustee also receives a charge of US\$50, US\$30 and US\$25 for each investment buy/sell transaction of the Sub-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:

	2020 HK\$	2019 HK\$
Transaction fees charged for the year	58,765	43,909
Transaction fees payable at year end	6,590	2,726

(d) Brokerage services

The Sub-Fund may use the brokerage services of a fellow subsidiary of the Manager to purchase and sell investments. During the years ended 31 December 2020 and 2019, there are no such transactions executed with the Manager and Trustee and their connected persons during the year.

(e) Manager's and its connected persons' holding in the Sub-Fund

As at 31 December 2020, a related company of the Manager, CCB International (Holdings) Limited ("CCBIH"), holds 6,240,000 (2019: 6,240,000) units of the Sub-Fund.

The movement of the units held by the Manager and CCBIH during the year is as follows:

	2020	
	Manager	CCBIH
Number of units in issue brought forward	-	6,240,000
Units issued during the year	-	-
Units redeemed during the year	-	-
	<u> </u>	<u> </u>
Number of units in issue as at 31 December	<u> </u>	<u> </u> 6,240,000
	2019	
	Manager	CCBIH
Number of units in issue brought forward	-	6,240,000
Units issued during the year	-	-
Units redeemed during the year	-	-
	<u> </u>	<u> </u>
Number of units in issue as at 31 December	<u> </u>	<u> </u> 6,240,000

No gains or losses (2019: HK\$ nil) were incurred from the above investment during the year.

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7. Transactions with the Manager, Trustee and Custodian and their Connected Persons (continued)

(f) Investments

	2020 HK\$	2019 HK\$
Equity securities held with:		
The Hongkong and Shanghai Banking Corporation Limited	<u>234,608,684</u>	<u>193,088,440</u>

As at 31 December 2020 and 31 December 2019, there is no investment in HSBC Holdings plc, who is the intermediate holding company of the Trustee.

The movement of the Sub-Fund's investment in HSBC Holdings Plc is as follows:

	2020	2019
Number of units in issue brought forward	-	283,600
Equities disposed during the year	<u>-</u>	<u>(283,600)</u>
Number of units in issue as at 31 December	<u>-</u>	<u>-</u>

No gains or losses (2019: net losses of HK\$6,428,584) were incurred from the above investment during the year.

8. 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 Sub-Fund. Commission is paid from the Sub-Fund on these transactions.

The services utilised for the Sub-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.

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9. Units in issue and net asset value per unit

	2020	
	HKD Class	RMB Class*
Number of units in issue brought forward	20,247,649	499,850
Units issued during the year	1,235,428	-
Units redeemed during the year	<u>(4,211,480)</u>	<u>(499,850)</u>
Number of units in issue as at 31 December	<u><u>17,271,597</u></u>	<u><u>-</u></u>
	2019	
	HKD Class	RMB Class*
Number of units in issue brought forward	24,081,774	499,850
Units issued during the year	1,853,544	-
Units redeemed during the year	<u>(5,687,669)</u>	<u>-</u>
Number of units in issue as at 31 December	<u><u>20,247,649</u></u>	<u><u>499,850</u></u>
	HKD Class HK\$	RMB Class* RMB
Net asset value per unit		
2020	14.03	-
2019	<u><u>10.14</u></u>	<u><u>10.14</u></u>

*RMB class was launched on 29 March 2017

The Sub-Fund does not have any externally imposed capital requirements.

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10. Financial instruments and associated risks

The Sub-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 Sub-Fund. Unitholders should note that additional information in respect of risks associated with investment in the Sub-Fund can be found in the Sub-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 Sub-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 Sub-Fund is exposed to price risk as changes in market prices of its investments will affect the valuation of the Sub-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 Sub-Fund.

The Sub-Fund is not directly correlated with any market index. 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. 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.

	HK\$	2020 Change in net assets if equity price changes by 5% +/-	HK\$	2019 Change in net assets if equity price changes by 5% +/-
Market exposure				
Listed equities	234,608,684	11,730,434	193,088,440	9,654,422

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10. Financial instruments and associated risks (continued)

(b) 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 financial assets and liabilities and future cash flow.

The Sub-Fund has no significant interest-bearing financial assets and liabilities except for cash and cash equivalents amounted to HK\$5,415,580 (2019: HK\$18,849,055). At the date of statement of financial position, assuming all other factors unchanged, should interest rates increase/decrease by 50 basis points, increase/decrease in total comprehensive income of the Sub-Fund would amount to HK\$27,078 (2019: HK\$94,245).

(c) Currency risk

As the majority of the Sub-Fund's financial instruments at 31 December 2020 and 2019 are denominated in Hong Kong dollars, the Sub-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 Sub-Fund. The Sub-Fund's exposure to credit risk is monitored by the Manager on an ongoing basis.

Investments in listed securities are quoted on recognised stock exchanges. Transactions involving convertible instrument is with counterparty of sound credit standing. Management regularly reviews their latest credit standing and did not expect any investment counterparties fail to meet its obligations.

As at 31 December 2020 and 2019, the Sub-Fund's financial assets subject to the expected credit loss model within IFRS 9 are amounts due from brokers, amounts due from unitholders on subscription of units, interest receivable, other receivable and cash and cash equivalents.

The Sub-Fund has adopted general approach for these financial assets subject to IFRS 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 2020 and 2019, all the financial assets subject to IFRS 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.

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. As at 31 December 2020 and 2019, no loss allowance had been provided. No assets are considered impaired and no amounts have been written off in the period.

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10. Financial instruments and associated risks (continued)

(d) Credit risk (continued)

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. The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. The Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2020 and 31 December 2019, all amounts due from brokers and cash and cash equivalents are held with counterparties with a credit rating of AA- from S&P and are due to be settled within one month. The Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The table below summarises the net exposure to the Sub-Fund's counterparty as at 31 December 2020 together with its credit rating.

	HK\$	Credit rating	Source of credit rating
Banks			
The Hongkong and Shanghai Banking Corporation Limited	5,415,580	AA-	S&P
Custodian			
The Hongkong and Shanghai Banking Corporation Limited	234,608,684	AA-	S&P

The table below summarises the net exposure to the Sub-Fund's counterparty as at 31 December 2019 together with its credit rating.

	HK\$	Credit rating	Source of credit rating
Banks			
The Hongkong and Shanghai Banking Corporation Limited	18,849,055	AA-	S&P
Custodian			
The Hongkong and Shanghai Banking Corporation Limited	193,088,440	AA-	S&P

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10. Financial instruments and associated risks (continued)

(e) Liquidity risk

Liquidity risk arises from the risk that the Manager may not be able to convert investments into cash to meet liquidity needs in a timely manner. The Sub-Fund is exposed to daily liquidity risk on redemption of units.

The Sub-Fund's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

The Sub-Fund may periodically invest in unlisted equity investments that are not traded in an active market. As a result, the Sub-Fund may not be able to liquidate quickly its investment at an amount close to its fair value to meet its liquidity requirements. The Sub-Fund therefore manages its liquidity risk by investing predominantly in listed investments, which under normal market conditions, are readily convertible to cash within one month.

	On demand HK\$	Less than 1 month HK\$	More than 1 month but less than 1 year HK\$	No maturity HK\$	Total HK\$
As at 31 December 2020					
Financial assets					
Financial assets at fair value					
through profit or loss	-	234,608,684	-	-	234,608,684
Amount due from unitholders					
on subscription of units	-	291,101	-	-	291,101
Amount due from brokers	-	7,984,005	-	-	7,984,005
Cash and cash equivalents	5,415,580	-	-	-	5,415,580
	<u>5,415,580</u>	<u>242,883,790</u>	<u>-</u>	<u>-</u>	<u>248,299,370</u>
Financial liabilities					
Amount due to unitholders					
on redemption of units	-	436,639	-	-	436,639
Amount due to brokers	-	5,014,393	-	-	5,014,393
Management fee payable	-	337,034	-	-	337,034
Trustee fee payable	-	83,394	-	-	83,394
Transaction fee payable	-	6,590	-	-	6,590
Other payables	-	6,367	179,000	-	185,367
Net assets attributable to unitholders	-	-	-	242,367,885	242,367,885
	<u>-</u>	<u>5,884,417</u>	<u>179,000</u>	<u>242,367,885</u>	<u>248,431,302</u>

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10. Financial instruments and associated risks (continued)

(e) Liquidity risk (continued)

	On demand HK\$	Less than 1 month HK\$	More than 1 month but less than 1 year HK\$	No maturity HK\$	Total HK\$
As at 31 December 2019					
Financial assets					
Financial assets at fair value through profit or loss	-	193,088,440	-	-	193,088,440
Amounts due from unitholders on subscription of units	-	39,176	-	-	39,176
Interest receivables	-	1,551	-	-	1,551
Other receivable	-	-	29,300	-	29,300
Cash and cash equivalents	349,055	18,500,000	-	-	18,849,055
	<u>349,055</u>	<u>211,629,167</u>	<u>29,300</u>	<u>-</u>	<u>212,007,522</u>
Financial liabilities					
Amounts due to unitholders on redemption of units	-	749,632	-	-	749,632
Management fee payable	-	315,019	-	-	315,019
Trustee fee payable	-	91,757	-	-	91,757
Transaction fee payable	-	2,726	-	-	2,726
Other payables	-	59,118	-	-	59,118
Net assets attributable to unitholders	-	-	-	210,945,174	210,945,174
	<u>-</u>	<u>1,218,252</u>	<u>-</u>	<u>210,945,174</u>	<u>212,163,426</u>

(f) Concentration risk

At 31 December 2020, two (2019: two) unitholders held more than 10% of the Sub-Fund's issued units.

(g) Capital risk management

The capital of the Sub-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 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, provide benefits for other stakeholders and maintain a strong capital base to support the development of the investment activities of the Sub-Fund.

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10. Financial instruments and associated risks (continued)

(g) Capital risk management (continued)

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 assets it expects to be able to liquidate daily and adjust the amount of distributions the Sub-Fund pays to redeemable unitholders.
- Redeem and issue new units in accordance with the constitutional documents of the Sub-Fund, which include the ability to restrict redemptions and require certain minimum holdings and subscriptions.

The Manager monitors capital on the basis of the value of net assets attributable to redeemable unitholders.

(h) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities. If a significant movement in fair value occurs subsequent to the close of trading up to midnight in Hong Kong on the year end date, valuation techniques will be applied to determine the fair value.

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

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Sub-Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as options, currency swaps and other over-the-counter derivatives, include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

For instruments for which there is no active market, the Sub-Fund may use internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

CCB INTERNATIONAL FUND SERIES
- CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

10. Financial instruments and associated risks (continued)

(h) Fair value estimation (continued)

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table analyses within the fair value hierarchy the Sub-Fund's assets and liabilities (by class) measured at fair value at 31 December 2020. The investments below are listed in the Hong Kong stock exchange. Countries below represent where the issuers of the investments were incorporated.

All fair value measurements disclosed are recurring fair value measurements.

As at 31 December 2020

Level 1
HK\$

Investments

Listed equities

British Virgin Islands	
Financial	1,308,200
Cayman Islands	
Communications	52,246,600
Consumer, cyclical	18,675,100
Consumer, non-cyclical	23,264,650
Financial	12,048,000
Industrial	3,054,600
China	
Basic materials	10,000,800
Consumer, cyclical	5,058,000
Consumer, non-cyclical	10,351,150
Energy	8,616,911
Financial	18,082,000
Industrial	49,963,673
Hong Kong	
Financial	<u>21,939,000</u>
Total investments	<u><u>234,608,684</u></u>

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

NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

10. Financial instruments and associated risks (continued)

(h) Fair value estimation (continued)

The following table analyses within the fair value hierarchy the Sub-Fund's assets and liabilities (by class) measured at fair value at 31 December 2019. The investments below are listed in the Hong Kong stock exchange. Countries below represent where the issuers of the investments were incorporated.

As at 31 December 2019	Level 1 HK\$
Investments	
Listed equities	
Bermuda	
Consumer, cyclical	3,896,000
Cayman Islands	
Communications	29,816,080
Consumer, cyclical	2,278,000
Consumer, non-cyclical	13,028,640
Financial	34,420,110
Industrial	4,721,500
China	
Financial	59,080,330
Hong Kong	
Consumer, non-cyclical	12,806,480
Financial	<u>33,041,300</u>
Total investments	<u><u>193,088,440</u></u>

11 Transaction fees and brokerage commission and other transaction costs

Brokerage commission and other transactions costs pertain to the broker commission for every transaction made through the broker at the average market rate based on the transaction value and the fees such as trading fee and transaction levy for every transaction made on the exchange.

The transaction fees represented the fees paid to the Trustee are disclose at Note 7(c) of these financial statements.

12 Formation costs

In accordance with the provisions of the Explanatory Memorandum, formation costs are amortised over its first accounting period from each Sub-Fund's date of commencement of operations to 31 December of first audited financial statements date.

For the years ended 31 December 2020 and 2019, the formation cost is fully amortised.

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

NOTES ON THE FINANCIAL STATEMENTS

31 December 2020

13. Distribution policy

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

14. Subsequent events

There is no subsequent event from the year ended 31 December 2020 to the date of issuance of the financial statements.

15. Approval of the financial statements

The financial statements were approved and authorised for issue by the Trustee and the Manager on 27 April 2021.

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

PORTFOLIO STATEMENT (UNAUDITED)

AS AT 31 DECEMBER 2020

	Holdings shares	Market value HK\$	% of NAV
Listed equities			
Hong Kong			
AIA GROUP LTD	101,200	9,614,000	3.97
ALIBABA GROUP HOLDING LTD ORD	35,000	8,141,000	3.36
ANTA SPORTS PRODUCTS LTD ORD	40,000	4,916,000	2.03
C&D INTL GROUP ORD	384,000	4,608,000	1.90
C&D PROPERTY MANAGEMENT GROU ORD	422,000	1,308,200	0.54
CHINA FEIHE LTD ORD	110,000	1,997,600	0.82
CSC FINANCIAL CO LTD-H	570,000	5,871,000	2.42
FLAT GLASS GROUP CO LTD ORD	410,000	13,386,500	5.52
GANFENG LITHIUM CO LTD-H ORD	108,000	10,000,800	4.13
GEELY AUTOMOBILE HOLDINGS LTD	100,000	2,650,000	1.09
HAIDILAO INTERNATIONAL HOLDING ORD	75,000	4,477,500	1.85
HAIER SMART HOME CO LTD-H ORD NPV	180,000	5,058,000	2.09
HONG KONG EXCHANGE AND CLEARING LTD ORD	29,000	12,325,000	5.09
HYGEIA HEALTHCARE HOLDINGS C ORD NPV	140,000	6,832,000	2.82
INDUSTRIAL AND COMMERCIAL BANK OF CHINA H SHS ORD	1,200,000	6,036,000	2.49
JD COM INC – CL A ORD	13,000	4,446,000	1.83
JIUMANJOU INTERNATIONAL HOLD ORD	281,000	6,631,600	2.74
MEITUAN ORD	52,000	15,319,200	6.32
PHARMARON BEIJING CO LTD-H ORD	41,000	5,371,000	2.22
PING AN INSURANCE (GROUP) COMPANY OF CHINA LIMITED H SHARES	65,000	6,175,000	2.55

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

PORTFOLIO STATEMENT (UNAUDITED)

AS AT 31 DECEMBER 2020

	Holdings shares	Market value HK\$	% of NAV
Listed equities (continued)			
Hong Kong (continued)			
POWERLONG COMMERCIAL MANAGEM ORD	300,000	7,440,000	3.07
SMOORE INTERNATIONAL HOLDING ORD NPV	145,000	8,678,250	3.58
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD ORD	18,000	3,054,600	1.26
TENCENT HLDGS LTD	29,500	16,638,000	6.86
VENUS MEDTECH HANGZHOU INC-H ORD	63,000	4,980,150	2.05
WUXI BIOLOGICS CAYMAN INC ORD	56,000	5,756,800	2.38
XIAOMI CORP ORD	232,000	7,702,400	3.18
		<u>189,414,600</u>	<u>78.16</u>
China			
CHINA JUSHI CO LTD-A –CC ORD	309,981	7,376,139	3.04
QINGDAO TGOOD ELECTRIC-A ORD	299,986	10,500,029	4.33
SUNGROW POWER SUPPLY CO LT-A ORD	100,000	8,616,911	3.56
YUNNAN CHUANGXIN NEW MATERIAL CO LTD ORD CNY1	44,976	7,602,024	3.14
ZHEJIANG NANYANG TECHNOLOGY-A ORD CNY	280,000	11,098,981	4.57
		<u>45,194,084</u>	<u>18.64</u>
Total listed equities		234,608,684	96.80
Other net assets		7,759,201	3.20
		<u>242,367,885</u>	<u>100.00</u>
Total net assets		<u>242,367,885</u>	<u>100.00</u>
Total listed equities (at cost)		<u>163,518,240</u>	

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

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

AS AT 31 DECEMBER 2020

	1 January 2020 Shares	Holdings		31 December 2020 Shares
		Additions Shares	Disposals Shares	
Listed equities				
Hong Kong				
AIA GROUP LTD	206,000	25,000	129,800	101,200
AK MEDICAL HOLDINGS LTD ORD	-	100,000	100,000	-
ALIBABA GROUP HOLDING LTD ORD	50,000	-	15,000	35,000
ANHUI CONCH CEMENT CO LTD-H	-	76,000	76,000	-
ANTA SPORTS PRODUCTS LTD ORD HKD	-	40,000	-	40,000
BANK OF CHINA LTD-H SHS ORD	2,691,000	-	2,691,000	-
BEIJING TONG REN TANG CHINESE MEDICINE COMPANY LIMITED ORD	773,000	-	773,000	-
C&D INTL GROUP ORD	1,856,000	-	1,472,000	384,000
C&D PROPERTY MANAGEMENT GROU ORD	-	422,000	-	422,000
CHINA EAST EDUCATION HOLDING ORD	239,500	-	239,500	-
CHINA FEIHE LTD ORD	-	110,000	-	110,000
CHINA JINMAO HOLDINGS GROUP LTD ORD NPV	-	1,300,000	1,300,000	-
CHINA LIFE INSURANCE CO LTD H SHS ORD	-	100,000	100,000	-
CHINA MEIDONG AUTO HOLDINGS LT ORD	-	220,000	220,000	-
CHINA MENGNIU DAIRY COMPANY LIMITED	80,000	-	80,000	-
CHINA MERCHANTS BANK CO. LTD - H SHS ORD	150,000	100,000	250,000	-
CHINA OVERSEAS LAND AND INVESTMENT LIMITED	150,000	-	150,000	-
CHINA OVERSEAS PROPERTY HOLDIN ORD HKD	1,260,000	-	1,260,000	-
CHINA RESOURCES LAND LIMITED	100,000	50,000	150,000	-
CHINA RESOURCES MIXC LIFESTYLE LTD	-	554	554	-
CHINAYONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED ORD	-	310,000	310,000	-
CITIC SECURITIES CO LTD H SHS ORD	210,000	300,000	510,000	-
COUNTRY GARDEN SERVICES HOLDIN ORD NPV	-	159,000	159,000	-
CSC FINANCIAL CO LTD-H	-	570,000	-	570,000
CSPC PHARMACEUTICAL GROUP LTD ORD	200,000	109,600	309,600	-
EXCELLENCE COMMERCIAL PROPER ORD	-	390,000	390,000	-
FLAT GLASS GROUP CO LTD ORD	-	500,000	90,000	410,000
FRONTAGE HOLDINGS CORP ORD	1,000,000	-	1,000,000	-
GANFENG LITHIUM CO LTD-H ORD	-	108,000	-	108,000
GEELY AUTOMOBILE HOLDINGS LTD	-	100,000	-	100,000
GOERTEK INC -A ORD	-	117,000	117,000	-
GREENTOWN SERVICE GROUP CO LTD ORD	349,000	-	349,000	-
HAIDILAO INTERNATIONAL HOLDING ORD	-	75,000	-	75,000
HAIER ELECTRONICS GP COM LTD ORD	160,000	-	160,000	-

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

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

AS AT 31 DECEMBER 2020

	1 January 2020 Shares	Holdings		31 December 2020 Shares
		Additions Shares	Disposals Shares	
Listed equities (continued)				
Hong Kong (continued)				
HAIER SMART HOME CO LTD-H ORD NPV	-	180,000	-	180,000
HISENSE HOME APPLIANCES GROUP CO LTD ORD	-	410,000	410,000	-
HONG KONG EXCHANGES AND CLEARING LTD ORD	46,000	-	17,000	29,000
HYGEIA HEALTHCARE HOLDINGS C ORD NPV	-	150,000	10,000	140,000
INDUSTRIAL AND COMMERCIAL BANK OF CHINA H SHS ORD	3,260,000	1,200,000	3,260,000	1,200,000
JD COM INC - CL A ORD	-	13,000	-	13,000
JIUMAOJIU INTERNATIONAL HOLD ORD	-	281,000	-	281,000
KANGTAI BIOLOGICAL ORD	-	25,000	25,000	-
LI NING CO LTD ORD	-	113,000	113,000	-
LINK REIT	-	55,000	55,000	-
LUXSHARE PRECISIONIndustr-A ORD	-	72,798	72,798	-
MEITUAN ORD	-	60,000	8,000	52,000
PHARMARON BEIJING CO LTD-H ORD	-	84,000	43,000	41,000
PING AN HEALTHCARE AND TECHNOLOGY CO LTD ORD	-	40,000	40,000	-
PING AN INSURANCE (GROUP) COMPANY OF CHINA LIMITED H	180,000	65,000	180,000	65,000
POLY PROPERTY SERVICES CO LTD ORD	-	105,800	105,800	-
POSTAL SAVINGS BANK OF CHI-H ORD	800,000	-	800,000	-
POWERLONG COMMERCIAL MANAGEM ORD	-	685,000	385,000	300,000
SANGFOR TECHNOLOGIES INC-A ORD	-	20,000	20,000	-
SHANDONG WEIGAO GROUP MEDICAL POLYMER	-	232,000	232,000	-
SHANGHAI JINJIANG INTERNAT- CC	-	120,000	120,000	-
SHENZHOU INTERNATIONAL GROUP ORD	20,000	-	20,000	-
SINO BIOPHARMACEUTICAL LTD	200,000	100,000	300,000	-
SINOTRUK HONG KONG LTD ORD	-	180,000	180,000	-
SMOORE INTERNATIONAL HOLDING ORD NPV	-	170,000	25,000	145,000
SUNAC CHINA HOLDINGS LTD ORD	100,000	-	100,000	-
SUNNY OPTICAL TECHNOLOGY GROUP CO LTD ORD	35,000	8,000	25,000	18,000
TECHTRONIC INDUSTRIES CO LTD	-	19,000	19,000	-
TENCENT HLDGS LTD	51,800	-	22,300	29,500
TIMES NEIGHBORHOOD HOLDINGS ORD	-	400,000	400,000	-
VENUS MEDTECH HANGZHOU INC-H ORD	-	98,000	35,000	63,000
WUXI BIOLOGICS CAYMAN INC ORD	-	188,000	132,000	56,000
XIAOMI CORP ORD	-	232,000	-	232,000
YIHAI INTERNATIONAL HOLDING LTD ORD	-	36,000	36,000	-

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

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

AS AT 31 DECEMBER 2020

	1 January 2020 Shares	Holdings		31 December 2020 Shares
		Additions Shares	Disposals Shares	
Listed equities (continued)				
China				
CHINA JUSHI CO LTD -A - CC ORD	-	309,981	-	309,981
QINGDAO TGOOD ELECTRIC-A ORD	-	299,986	-	299,986
SUNGROW POWER SUPPLY CO LT-A ORD	-	100,000	-	100,000
YUNNAN CHUANGXIN NEW MATERIAL CO LTD ORD	-	44,976	-	44,976
ZHEJIANG NANYANG TECHNOLOG-A ORD	-	280,000	-	280,000

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

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

FOR THE YEAR ENDED 31 DECEMBER 2020

	% of net assets	
	2020	2019
Listed equities		
Hong Kong	78.16	91.53
China	<u>18.64</u>	<u>-</u>
Total investments	96.80	91.53
Other net assets	<u>3.20</u>	<u>8.47</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

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

PERFORMANCE RECORD (UNAUDITED)

(a) Price record (Dealing NAV)

Year/period ended 31 December	Lowest		Highest	
	HKD Class HK\$	RMB Class RMB	HKD Class HK\$	RMB Class RMB
2020	8.49	8.62	14.04	10.66
2019	8.42	8.34	10.24	10.20
2018	8.38	8.42	12.11	11.13
2017	9.59	9.47	11.64	11.19
2016	9.35	-	11.64	-
2015	10.86	-	18.82	-
2014	10.93	-	15.43	-
2013	8.21	-	12.40	-
2012	7.39	-	10.32	-
2011	9.46	-	19.05	-
2010	14.85	-	19.22	-
2009 (since inception)	<u>9.94</u>	<u>-</u>	<u>17.79</u>	<u>-</u>

(b) Total net asset value

	2020 HK\$	2019 HK\$	2018 HK\$
Total net asset value – HKD Class	<u>242,367,885</u>	<u>205,289,009</u>	<u>206,716,841</u>
	RMB	RMB	RMB
Total net asset value – RMB Class	<u>-</u>	<u>5,069,712</u>	<u>4,249,223</u>

(c) Net asset value per unit

	2020 HK\$	2019 HK\$	2018 HK\$
Net asset value per unit – HKD Class	<u>14.03</u>	<u>10.14</u>	<u>8.58</u>
	RMB	RMB	RMB
Net asset value per unit – RMB Class	<u>-</u>	<u>10.14</u>	<u>8.50</u>

CCB INTERNATIONAL FUND SERIES

- CCB INTERNATIONAL - CHINA POLICY DRIVEN FUND

(A sub-fund of an open-ended unit trust established as an umbrella fund under the laws of the Hong Kong)

ADMINISTRATION AND MANAGEMENT

Manager

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

Directors of the Manager

Hung Yat (resigned on 29 Apr 2020)
Li Lu (appointed on 29 Apr 2020)
Li Ngai (resigned on 1 Feb 2021)
Lo Chak Bong Alfred Bing
Yam Wang Lap (resigned on 1 Feb 2021)

Trustee and registrar

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

Auditors

Ernst & Young
22/F., CITIC Tower,
1 Tim Mei Avenue,
Central,
Hong Kong