

**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 2021**

**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)**

**31 December 2021**

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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 2021.

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

**INDEPENDENT AUDITOR’S REPORT  
TO THE UNITHOLDERS OF CCB INTERNATIONAL – CHINA POLICY DRIVEN FUND**

**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 5 to 33, which comprise the statement of net assets as at 31 December 2021, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders/statement of changes in equity and statement of cash flows for the year ended 31 December 2021, 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 2021, and of its financial performance and its cash flows for the year ended 31 December 2021, 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 22 April 2020, 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.

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.

**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)**

- 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  
26 April 2022

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

**STATEMENT OF NET ASSETS**

**AS AT 31 DECEMBER 2021**

	Notes	2021 HK\$	2020 HK\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	6	162,872,194	234,608,684
Amount due from brokers		-	7,984,005
Amount due from unitholders on subscription of units		248,856	291,101
Prepaid expense		128,847	131,932
Cash and cash equivalents	7(b)	<u>21,730,540</u>	<u>5,415,580</u>
<b>TOTAL ASSETS</b>		<u><u>184,980,437</u></u>	<u><u>248,431,302</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Amount due to brokers		-	5,014,393
Amounts due to unitholders on redemption of units		169,659	436,639
Management fee payable	7(a)	274,153	337,034
Trustee fee payable	7(c)	96,753	83,394
Transaction fee payable	7(c)	6,628	6,590
Other payables		<u>192,524</u>	<u>185,367</u>
<b>TOTAL LIABILITIES</b>		<u><u>739,717</u></u>	<u><u>6,063,417</u></u>
<b>TOTAL EQUITY</b>			
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u><u>184,240,720</u></u>	<u><u>242,367,885</u></u>

Approved by the Trustee and the Manager on 26 April 2022.

.....  
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 2021**

	Notes	2021 HK\$	2020 HK\$
Dividend income		1,518,126	3,553,125
Interest income	7(b)	515	34,807
Other income		-	999
Net (losses)/gains on financial assets at fair value through profit or loss	4	(34,578,190)	73,313,702
Net foreign exchange losses		<u>(100,677)</u>	<u>(56,667)</u>
		<u>(33,160,226)</u>	<u>76,845,966</u>
Management fee	7(a)	(3,870,417)	(3,659,398)
Trustee fee	7(c)	(754,236)	(737,942)
Transaction fee	7(c),11	(72,367)	(58,765)
Auditor's remuneration		(203,500)	(182,000)
Brokerage commission and other transaction costs	11	(1,583,010)	(1,066,161)
Safe custody and bank charges	7(b)	(59,591)	(60,935)
Legal and professional fees		(26,230)	(707,340)
Other expenses		<u>(15,084)</u>	<u>(62,710)</u>
Operating expenses		<u>(6,584,435)</u>	<u>(6,535,251)</u>
(Loss)/profit before taxation		(39,744,661)	70,310,715
Withholding taxes	5	<u>(65,767)</u>	<u>(170,703)</u>
Total comprehensive (loss)/income for the year		<u><u>(39,810,428)</u></u>	<u><u>70,140,012</u></u>

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



**CCB INTERNATIONAL FUND SERIES**  
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS/  
STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 Number of units	2021 HK\$	2020 Number of units	2020 HK\$
Balance at beginning of 1 January	9	<u>17,271,597</u>	<u>242,367,885</u>	<u>20,747,499</u>	<u>210,945,174</u>
Total comprehensive (loss)/ income for the year		<u>-</u>	<u>(39,810,428)</u>	<u>-</u>	<u>70,140,012</u>
Issue of units					
HKD Class	9	<u>2,064,733</u>	<u>28,878,159</u>	<u>1,235,428</u>	<u>13,508,711</u>
		<u>2,064,733</u>	<u>28,878,159</u>	<u>1,235,428</u>	<u>13,508,711</u>
Redemption of units					
HKD Class	9	<u>(3,291,240)</u>	<u>(47,194,896)</u>	<u>(4,211,480)</u>	<u>(46,414,794)</u>
RMB Class	9	<u>-</u>	<u>-</u>	<u>(499,850)</u>	<u>(5,811,218)</u>
		<u>(3,291,240)</u>	<u>(47,194,896)</u>	<u>(4,711,330)</u>	<u>(52,226,012)</u>
Total transactions with unitholders		<u>(1,226,507)</u>	<u>(18,316,737)</u>	<u>(3,475,902)</u>	<u>(38,717,301)</u>
Balance at end of 31 December		<u>16,045,090</u>	<u>184,240,720</u>	<u>17,271,597</u>	<u>242,367,885</u>

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

**CCB INTERNATIONAL FUND SERIES**  
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**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 HK\$	2020 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Total comprehensive (loss)/income for the year		(39,810,428)	70,140,012
Adjustments for:			
Dividend income		(1,518,126)	(3,553,125)
Interest income		(515)	(34,807)
Withholding taxes		<u>65,767</u>	<u>170,703</u>
Net cash (used in)/generated from operating activities before working capital changes		(41,263,302)	66,722,783
Decrease/(increase) in investments		71,736,490	(41,520,244)
Decrease/(increase) in amount due from brokers		7,984,005	(7,984,005)
Decrease in prepaid expense		3,085	23,972
Decrease in other receivables		-	29,300
(Decrease)/increase in amount due to brokers		(5,014,393)	5,014,393
(Decrease)/increase in management fee payable	7(a)	(62,881)	22,015
Increase/(decrease) in trustee fee payable	7(c)	13,359	(8,363)
Increase in transaction fee payable	7(c)	38	3,864
Increase in other payables		<u>7,157</u>	<u>126,249</u>
Cash generated from operations		33,403,558	22,429,964
Dividend received		1,518,126	3,553,125
Interest received		515	36,358
Tax paid		<u>(65,767)</u>	<u>(170,703)</u>
Net cash generated from operating activities		<u>34,856,432</u>	<u>25,848,744</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of units	9	28,920,404	13,256,786
Payments on redemption of units	9	<u>(47,461,876)</u>	<u>(52,539,005)</u>
Net cash used in financing activities		<u>(18,541,472)</u>	<u>(39,282,219)</u>
Net increase/(decrease) in cash and cash equivalents		16,314,960	(13,433,475)
Cash and cash equivalents at beginning of the year		<u>5,415,580</u>	<u>18,849,055</u>
Cash and cash equivalents at end of the year, representing cash at bank		<u><u>21,730,540</u></u>	<u><u>5,415,580</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 2021**

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

**NOTES ON THE FINANCIAL STATEMENTS**

**31 December 2021**

**2. Summary of significant accounting policies (continued)**

**(c) Standards and amendments to existing standards effective 1 January 2021**

The Sub-Fund has not adopted any revised IFRSs for the first time for the current year's financial statements.

**(d) New standards, amendments and interpretations which are relevant to the Sub-Fund and effective for the financial year after 1 January 2021 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 8

*Definition of Accounting Estimates*<sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

Amendments to IAS 8 *Definition of Accounting Estimates* clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Sub-Fund's financial statements.

**(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'.

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

**NOTES ON THE FINANCIAL STATEMENTS**

**31 December 2021**

**2. Summary of significant accounting policies (continued)**

**(e) Foreign currency (continued)**

**(ii) Transactions and balances (continued)**

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'.

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

**NOTES ON THE FINANCIAL STATEMENTS**

**31 December 2021**

**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.

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

**NOTES ON THE FINANCIAL STATEMENTS**

**31 December 2021**

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

**31 December 2021**

**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(1A) 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.

**(o) Redeemable units**

The Sub-Fund issue redeemable units, which are redeemable at the unitholder's option and are classified as or equity in accordance with IAS 32 for the year ended 31 December 2021 and 2020.

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**2. Summary of significant accounting policies (continued)**

**(o) Redeemable units (continued)**

A class of share is classified as an equity instrument if it has all of the following features:

- It entitles the holder to a pro rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation.
- The share is in the class of instruments that is subordinate to all other classes of instruments.
- All shares in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The share does not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Sub-Fund's net assets.
- The total expected cash flows attributable to the share over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

In addition to the share having all the above features, the Sub-Fund must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund, and
- The effect of substantially restricting or fixing the residual return to the shareholders.

The Sub-Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

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.

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**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.

**4. Net (losses)/gains on investments**

	2021 HK\$	2020 HK\$
Net (losses)/gains on investments		
- Realised gains	17,899,327	23,446,286
- Change in unrealised gains	<u>(52,477,517)</u>	<u>49,867,416</u>
	<u>(34,578,190)</u>	<u>73,313,702</u>

**5. Taxation**

Taxation in the statement of comprehensive income represents:

	2021 HK\$	2020 HK\$
Overseas withholding taxes	<u>65,767</u>	<u>170,703</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(1A) 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.

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**6. Financial assets at fair value through profit or loss**

	2021 HK\$	2020 HK\$
Financial assets at fair value through profit or loss		
- Listed equities	<u>162,872,194</u>	<u>234,608,684</u>
Investments, at cost	144,259,266	163,518,240
Net unrealised appreciation in value of investments	<u>18,612,927</u>	<u>71,090,444</u>
Investments, at market value	<u>162,872,194</u>	<u>234,608,684</u>

**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:

	2021 HK\$	2020 HK\$
Management fees charged for the year	3,810,417	3,659,398
Management fees payable at year end	274,153	337,034

The Manager is not entitled to receive a performance fee for the years ended 31 December 2021 and 2020.

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

**(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\$21,730,540 as at 31 December 2021 (2020: HK\$5,415,580).

Interest income amounted to HK\$515 (2020: HK\$34,807) was earned from these bank balances during the year. Safe custody and bank charges of HK\$59,591 (2020: HK\$60,935) 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:

	2021 HK\$	2020 HK\$
Trustee's fees charged for the year	754,236	737,942
Trustee's fees payable at year end	96,753	83,394

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:

	2021 HK\$	2020 HK\$
Transaction fees charged for the year	72,367	58,765
Transaction fees payable at year end	6,628	6,590

**(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 2021 and 2020, there are no such transactions executed with the Manager and Trustee and their connected persons during the year.

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

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

As at 31 December 2021, a related company of the Manager, CCB International (Holdings) Limited ("CCBIH"), holds 6,240,000 (2020: 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:

	2021	
	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>6,240,000</u>

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

	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>6,240,000</u>

**(f) Investments**

	2021	2020
	HK\$	HK\$
Equity securities held with:		
The Hongkong and Shanghai Banking Corporation Limited	<u>162,872,194</u>	<u>234,608,684</u>

As at 31 December 2021 and 31 December 2020, there is no investment in HSBC Holdings plc, who is the intermediate holding company of the Trustee.



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**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.

**9. Units in issue and net asset value per unit**

	2021	
	HKD Class	RMB Class
Number of units in issue brought forward	17,271,597	-
Units issued during the year	2,064,733	-
Units redeemed during the year	(3,291,240)	-
Number of units in issue as at 31 December	<u>16,045,090</u>	<u>-</u>
	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	(4,211,480)	(499,850)
Number of units in issue as at 31 December	<u>17,271,597</u>	<u>-</u>
	HKD Class HK\$	RMB Class RMB
Net asset value per unit		
2021	11.48	-
2020	<u>14.03</u>	<u>-</u>

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.

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**10. Financial instruments and associated risks (continued)**

**(a) Price risk (continued)**

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\$	2021 Change in net assets if equity price changes by 5% +/-	HK\$	2020 Change in net assets if equity price changes by 5% +/-
Market exposure				
Listed equities	162,872,194	8,143,610	234,608,684	11,730,434

**(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\$21,730,540 (2020: HK\$5,415,580). At the date of statement of net assets, 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\$108,653 (2020: HK\$27,078).

**(c) Currency risk**

As the majority of the Sub-Fund’s financial instruments at 31 December 2021 and 2020 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.

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**10. Financial instruments and associated risks (continued)**

**(d) Credit risk (continued)**

As at 31 December 2021 and 2020, 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.

The carrying amount of the Company's financial assets at FVTPL as disclosed in note 11 best represents their respective maximum exposure to credit risk. The Company holds no collateral over any of these balances.

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 2021 and 2020, no loss allowance had been provided. No assets are considered impaired and no amounts have been written off in the period.

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 2021 and 31 December 2020, 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 2021 together with its credit rating.

	HK\$	Credit rating	Source of credit rating
<b>Banks</b>			
The Hongkong and Shanghai Banking Corporation Limited	21,730,540	AA-	S&P
<b>Custodian</b>			
The Hongkong and Shanghai Banking Corporation Limited	162,872,194	AA-	S&P

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**10. Financial instruments and associated risks (continued)**

**(d) Credit risk (continued)**

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
<b>Banks</b>			
The Hongkong and Shanghai Banking Corporation Limited	5,415,580	AA-	S&P
<b>Custodian</b>			
The Hongkong and Shanghai Banking Corporation Limited	234,608,684	AA-	S&P

**(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.

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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\$
<b>As at 31 December 2021</b>					
<b>Financial assets</b>					
Financial assets at fair value through profit or loss	-	162,872,194	-	-	162,872,194
Amount due from unitholders on subscription of units	-	248,856	-	-	248,856
Cash and cash equivalents	21,730,540	-	-	-	21,730,540
	<u>21,730,540</u>	<u>163,121,050</u>	<u>-</u>	<u>-</u>	<u>184,851,590</u>
<b>Financial liabilities</b>					
Amount due to unitholders on redemption of units	-	169,659	-	-	169,659
Management fee payable	-	274,153	-	-	274,153
Trustee fee payable	-	96,753	-	-	96,753
Transaction fee payable	-	6,628	-	-	6,628
Other payables	-	4,524	188,000	-	192,524
	<u>-</u>	<u>551,717</u>	<u>188,000</u>	<u>-</u>	<u>739,717</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\$
<b>As at 31 December 2020</b>					
<b>Financial assets</b>					
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	<u>5,415,580</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,415,580</u>
	<u>5,415,580</u>	<u>242,883,790</u>	<u>-</u>	<u>-</u>	<u>248,299,370</u>
<b>Financial liabilities</b>					
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	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,367,885</u>	<u>242,367,885</u>
	<u>-</u>	<u>5,884,417</u>	<u>179,000</u>	<u>242,367,885</u>	<u>248,431,302</u>

**(f) Concentration risk**

At 31 December 2021, two (2020: 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.

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

**NOTES ON THE FINANCIAL STATEMENTS**

**31 December 2021**

**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 2021**

**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 2021. The investments below are listed in the Hong Kong stock exchange. Countries below represent where the issuers of the investments were incorporated.

For the year ended 31 December 2021 and 2020, there were no transfers between levels.

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

**As at 31 December 2021**

Level 1  
HK\$

**Investments**

**Listed equities**

**Cayman Islands**

Communications	15,780,760
Consumer, cyclical	12,270,000
Consumer, non-cyclical	9,414,000
Financial	6,698,700
Industrial	5,425,200

**China**

Basic materials	6,257,700
Consumer, cyclical	14,980,300
Consumer, non-cyclical	13,210,868
Financial	12,805,500
Industrial	26,522,380
Technology	8,315,686
Utilities	8,745,600

**Hong Kong**

Consumer, cyclical	5,746,500
Financial	11,422,200
Industrial	5,276,800

**Total investments**

162,872,194

**CCB INTERNATIONAL FUND SERIES**  
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**NOTES ON THE FINANCIAL STATEMENTS**

**31 December 2021**

**10. Financial instruments and associated risks (continued)**

**(h) Fair value estimation (continued)**

<b>As at 31 December 2020</b>	<b>Level 1 HK\$</b>
<b>Investments</b>	
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>

**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.

**CCB INTERNATIONAL FUND SERIES**  
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**NOTES ON THE FINANCIAL STATEMENTS**

**31 December 2021**

**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 2021 and 2020, the formation cost was fully amortised.

**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 2021 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 26 April 2022.

**CCB INTERNATIONAL FUND SERIES**  
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**PORTFOLIO STATEMENT (UNAUDITED)**

**AS AT 31 DECEMBER 2021**

	Holdings shares	Market value HK\$	% of NAV
<b>Listed equities</b>			
<b>Hong Kong</b>			
AIA GROUP LTD	70,000	5,502,000	2.99
BYD CO LTD-H	21,000	5,598,600	3.04
CHINA LONGYUAN POWER GROUP-H	240,000	4,368,000	2.37
CHINA MERCHANT BANK CO. LTD-H	90,000	5,449,500	2.96
CHINA OVERSEAS PROPERTY HOLDING LIMITED	810,000	6,698,700	3.64
CHINA RESOURCES ENTERPRISE	90,000	5,746,500	3.12
CHINA SUNTIEN GREEN ENERGY-H	720,000	4,377,600	2.38
COFCO JOYCOME FOODS LTD	1,300,000	3,861,000	2.10
DONGFANG ELECTRIC CORPORATION LTD-H	410,000	5,379,200	2.92
FLAT GLASS GROUP CO LTD ORD	114,000	4,514,400	2.45
GANFENG LITHIUM CO LTD-H ORD	51,000	6,257,700	3.40
HAIER SMART HOME CO LTD-H ORD NPV	118,000	3,888,100	2.11
HONG KONG EXCHANGE AND CLEARING LTD ORD	13,000	5,920,200	3.21
LI NING CO LTD	44,000	3,755,400	2.04
MEITUAN ORD	23,400	5,274,360	2.86
POLY PROPERTY DEVELOPMENT	120,000	7,356,000	3.99
PORTMART INTERNATIONAL GROUP	110,000	4,917,000	2.67
SHENZHOU INTERNATIONAL GROUP	24,000	3,597,600	1.95
SUNNY OPTICAL TECH	22,000	5,425,200	2.94
TECHTRONIC INDUSTRIES CO	34,000	5,276,800	2.86

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

**PORTFOLIO STATEMENT (UNAUDITED)**

**AS AT 31 DECEMBER 2021**

	Holdings shares	Market value HK\$	% of NAV
<b>Listed equities (continued)</b>			
<b>Hong Kong (continued)</b>			
TENCENT HLDGS LTD	23,000	10,506,400	5.70
WEICHAI POWER COMPANY LTD-H	360,000	5,493,000	2.98
WUXI APPTEC CO LTD	38,000	5,130,000	2.78
WUXI BIOLOGICS CAYMAN INC ORD	60,000	5,553,000	3.01
		<hr/>	<hr/>
		129,846,860	70.47
		<hr/>	<hr/>
<b>China</b>			
BEIJING DABEINONG TECHNOLOGY	629,950	8,080,867	4.39
GOERTEK INC	105,000	6,946,451	3.77
LUXSHARE PRECISION INDUSTRY CO	70,000	4,211,527	2.29
NAURA TECHNOLOGY GROUP CO LTD	10,000	4,243,566	2.30
UNIGROUP GUOXIN MICROELECTRONICS CO LTD	14,800	4,072,121	2.21
WINTECH TECHNOLOGY CO LTD	34,600	5,470,802	2.97
		<hr/>	<hr/>
		33,025,334	17.93
		<hr/>	<hr/>
Total listed equities		162,872,194	88.40
Other net assets		21,368,526	11.60
		<hr/>	<hr/>
Total net assets		184,240,720	100.00
		<hr/> <hr/>	<hr/> <hr/>
Total listed equities (at cost)		144,259,266	
		<hr/> <hr/>	

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

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

**AS AT 31 DECEMBER 2021**

	1 January 2021 Shares	Holdings Additions Shares	Disposals Shares	31 December 2021 Shares
<b>Listed equities</b>				
<b>Hong Kong</b>				
AIA GROUP LTD	101,200	-	(31,200)	70,000
ALIBABA GROUP HOLDING LTD	35,000	37,000	(72,000)	-
ANTA SPORTS PRODUCTS LTD	40,000	-	(40,000)	-
BOSIDENG INTL HLDGS LTD	-	640,000	(640,000)	-
BYD CO LTD-H	-	23,500	(2,500)	21,000
C&D INTL Group	384,000	-	(384,000)	-
C&D PROPERTY MANAGEMENT GROUP CO LTD	422,000	-	(422,000)	-
CARSGEN THERAPEUTICS HOLDINGS LIMITED	-	110,000	(110,000)	-
CHINA EDUCATION GROUP HOLDING	-	160,000	(160,000)	-
CHINA FEIHE LTD	110,000	130,000	(240,000)	-
China Literature Limited	-	110,000	(110,000)	-
CHINA LONGYUAN POWER GROUP-H	-	1,010,000	(770,000)	240,000
CHINA MERCHANS BANK CO. LTD - H SHARE	-	162,000	(72,000)	90,000
CHINA OVERSEAS PROPERTY HOLDINGS LIMITED	-	930,000	(120,000)	810,000
China Pacific Insurance Group - H shares	-	240,000	(240,000)	-
CHINA RESOURCES ENTERPRISE	-	158,000	(68,000)	90,000
CHINA SOUTHERN AIRLINES CO-H	-	440,000	(440,000)	-
CHINA SUNTIEN GREEN ENERGY-H	-	1,040,000	(320,000)	720,000
CHINA YONGDA AUTOMOBILES SER	-	-	-	-
COFCO JOYCOME FOODS LTD	-	1,300,000	-	1,300,000
COUNTRY GARDEN SERVICES HOLDING	-	112,000	(112,000)	-
CSC FINANCIAL CO LTD - H	570,000	-	(570,000)	-
DONGFANG ELECTRIC CORPORATION LTD-H	-	710,000	(300,000)	410,000
FLAT GLASS	410,000	300,000	(596,000)	114,000
FUYAO GLASS INDUSTRY GROUP-H	-	148,000	(148,000)	-
GANFENG LITHUM CO LTD-H	108,000	11,000	(68,000)	51,000
GEELY AUTOMOBILE HOLDINGS LT	100,000	-	(100,000)	-
Greentown Service Group Co Ltd	-	522,000	(522,000)	-
HAIDILAO INTERNATIONAL HOLDING	75,000	-	(75,000)	-
Haier Smart Home Co Ltd - H	180,000	118,000	(180,000)	118,000
HONG KONG EXCHANGES & CLEAR	29,000	-	(16,000)	13,000
HOPE EDUCATION GROUP CO LTD	-	1,000,000	(1,000,000)	-
HUA HONG SEMI	-	157,000	(157,000)	-
HYGEIA HEALTHCARE HOLDINGS	140,000	-	(140,000)	-

**CCB INTERNATIONAL FUND SERIES**  
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**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)**

**AS AT 31 DECEMBER 2021**

	1 January 2021 Shares	Holdings Additions Shares	Disposals Shares	31 December 2021 Shares
<b>Listed equities (continued)</b>				
<b>Hong Kong (continued)</b>				
ICBC	1,200,000	-	(1,200,000)	-
JD.COM INC - CL A	13,000	-	(13,000)	-
JINKE SMART SERVICES GROUP-H	-	70,000	(70,000)	-
JIUMAOJIU INTERNATIONAL HOLDING	281,000	99,000	(380,000)	-
KWG LIVING GROUP HOLDINGS LTD	-	900,000	(900,000)	-
LI NING CO LTD	-	44,000	-	44,000
LONGFOR PROPERTIES	-	51,000	(51,000)	-
MEITUAN DIANPING	52,000	27,000	(55,600)	23,400
MICROPORT SCIENTIFIC CORP	-	137,000	(137,000)	-
NEW HORIZON HEALTH LIMITED	-	124,000	(124,000)	-
NEXTEER AUTOMOTIVE GROUP LTD	-	400,000	(400,000)	-
PHARMARON BEIJING CO LTD-H	41,000	38,600	(79,600)	-
PING AN INSURANCE GROUP CO-H	65,000	-	(65,000)	-
POLY PROPERTY DEVELOPMENT	-	127,000	(7,000)	120,000
POP MART INTERNATIONAL GROUP	-	110,000	-	110,000
POWERLONG COMMERCIAL MGT HLDS LTD	300,000	-	(300,000)	-
PSBC	-	1,500,000	(1,500,000)	-
SEMICONDUCTOR MANUFACTURING	-	110,000	(110,000)	-
SHENZHOU INTERNATIONAL GROUP	-	24,000	-	24,000
SHIMAO SERVICES	-	536,000	(536,000)	-
SIMCERE PHARMACEUTICAL GROUP	-	430,000	(430,000)	-
SINO BIOPHARMACEUTICAL	-	270,000	(270,000)	-
SMOORE INTENATIONAL HOLDING	145,000	-	(145,000)	-
SUNNY OPTICAL TECH	18,000	12,000	(8,000)	22,000
TECHTRONIC INDUSTRIES CO	-	44,500	(10,500)	34,000
TENCENT HOLDINGS LTD	29,500	-	(6,500)	23,000
TSINGTAO BREWERY CO LTD-H	-	92,000	(92,000)	-
VENUS MEDTECH HANGZHOU INC-H	63,000	16,000	(79,000)	-
WEICHAI POWER CO LTD-H	-	360,000	-	360,000
WEIMOB INC	-	360,000	(360,000)	-
WUXI APPTec CO LTD - H	-	42,000	(4,000)	38,000
WUXI BIOLOGICSWUXI BIOLOGICS	56,000	60,000	(56,000)	60,000
XIAOMI CORP-CLASS B	232,000	-	(232,000)	-

**CCB INTERNATIONAL FUND SERIES**  
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**STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED) (CONTINUED)**

**AS AT 31 DECEMBER 2021**

	1 January 2021 Shares	Holdings Additions Shares	Disposals Shares	31 December 2021 Shares
<b>Listed equities (continued)</b>				
<b>China</b>				
Beijing Dabeinong Technology G	-	629,950	-	629,950
Beijing Easpring Material Tech	-	40,000	(40,000)	-
Beijing Oriental Yuhong Waterp	-	164,000	(164,000)	-
China Jushi Co Ltd	309,981	78,617	(388,598)	-
GoerTek Inc	-	319,975	(214,975)	105,000
JIANGSU KING'S LUCK BREWER-A	-	97,000	(97,000)	-
Luxshare Precision Industry Co	-	70,000	-	70,000
MAXSCEND MICROELECTRONICS - A	-	10,200	(10,200)	-
NAURA TECHNOLOGY GROUP CO LTD	-	12,000	(2,000)	10,000
Qingdao TGOOD Electric Co Ltd	299,986	-	(299,986)	-
Sungrow Power Supply Co Ltd	100,000	-	(100,000)	-
Unigroup Guoxin Microelectronics Co Ltd	-	21,000	(6,200)	14,800
WILL SEMICONDUCTOR CO LTD - A	-	18,200	(18,200)	-
WINTECH TECHNOLOGY CO LTD	-	42,000	(7,400)	34,600
YUNNAN ENERGY NEW MATERIAL - A	44,976	-	(44,976)	-
Zhejiang Nanyang Technology Co	280,000	-	(280,000)	-
			<b>% of net assets</b>	
			<b>2021</b>	<b>2020</b>
<b>Listed equities</b>				
Hong Kong			70.47	78.16
China			<u>17.93</u>	<u>18.64</u>
<b>Total investments</b>			88.40	96.80
<b>Other net assets</b>			<u>11.60</u>	<u>3.20</u>
<b>Total net assets</b>			<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
2021	11.02	-	17.40	-
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**

	2021 HK\$	2020 HK\$	2019 HK\$
Total net asset value – HKD Class	<u>184,240,720</u>	<u>242,367,885</u>	<u>205,289,009</u>
	RMB	RMB	RMB
Total net asset value – RMB Class	<u>-</u>	<u>-</u>	<u>5,069,712</u>

**(c) Net asset value per unit**

	2021 HK\$	2020 HK\$	2019 HK\$
Net asset value per unit – HKD Class	<u>11.48</u>	<u>14.03</u>	<u>10.14</u>
	RMB	RMB	RMB
Net asset value per unit – RMB Class	<u>-</u>	<u>-</u>	<u>10.14</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**

Li Lu  
Lee Yat Chun (appointed on 13 Dec 2021)  
Li Ngai (resigned on 1 Feb 2021)  
Lo Chak Bong Alfred Bing (resigned on 13 Dec 2021)  
Yam Wang Lap (resigned on 1 Feb 2021)  
Wei Yucheng (appointed on 13 Dec 2021)

**Trustee and registrar**

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

**Auditors**

Ernst & Young  
27/F One Taikoo Place,  
979 King's Road,  
Quarry Bay,  
Hong Kong