

BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND
(A sub-fund of BOCOM International Fund)

SEMI-ANNUAL REPORT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

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Contents

	Pages
Management and Administration	1
Report of the Manager to the Unitholders	2
Statement of Financial Position (Unaudited)	3
Investment Portfolio (Unaudited)	4
Statement of Movement in Portfolio Holdings (Unaudited)	5 - 7

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MANAGEMENT AND ADMINISTRATION

Manager

BOCOM International Asset Management Limited
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Directors of the Manager

TAN Yueheng
LI Ying
CHENG Chuange

Trustee and Registrar

Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Central
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Sub-custodian

Citibank, N.A.
10/F, Two Harbour Front,
22 Tak Fung Street,
Hunghom, Kowloon,
Hong Kong

Legal Counsel to the Manager

Deacons
5/F, Alexandra House
18 Chater Road
Central
Hong Kong

Auditor

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

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REPORT OF THE MANAGER TO THE UNITHOLDERS

Market Review

The Hong Kong stock market showed more complication and volatility in the first half of 2018. By the end of June, the Hang Seng index and the Hang Seng China Enterprises Index went down 3.22% and 5.43% respectively. The market condition worsened mainly due to: 1) the trade war between the U.S and China; (2) the pessimism caused by deleveraging of financial assets in China; (3) the worry of GDP growth in China. Sector wise, health care sector was the only winner. The sector as whole went up 21.9% in the first half. Among the rest of players, consumer discretionary, consumer staples and energy were the better performers with positive gain while utilities, financials, industrials, technology, materials and communications lagged.

Portfolio review and outlook

The fund price recorded at 9.117, representing a 1.3% decline from last year end. Our loss was less than the Hang Seng index. We achieved this by underweighting our position in the financial, technology sector and increasing our position in health care and education. Looking into the near future, we believe that domestic deleveraging, credit market tightening, trade friction will continue to become the cause of market volatility and downside for some time. However, from the perspectives of corporate profitability and company valuation, we believe that with the domestic economic transformation, consumption upgrading, and industrial integration, there are still plenty of room for growth for outstanding companies with core competitiveness; after short-term adjustment, many high-quality company's valuation will return to a reasonable or even low level, which creates favorable conditions for the future investment layout. From mid-to-long run, we favor the following investment themes: internet giants who are enjoying deeper moat in the current user flow monopoly environment; consumption upgrades and domestic product substitution in home appliances and auto industry; pharmaceutical giants with excellent R&D and sales who could take market share in the current chaotic situation, etc.

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STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2018

	30 Jun 2018 HKD	31 Dec 2017 HKD
Assets		
Financial assets at fair value through profit or loss	177,296,779	198,854,925
Amounts due from brokers	9,220,231	-
Dividend receivable	1,131,112	46,400
Cash and cash equivalents	62,517,004	52,299,661
Total assets	250,165,126	251,200,986
Liabilities		
Amounts due to brokers	7,096,994	6,758,231
Trustee fee payable	67,309	67,044
Management fee payable	307,777	305,497
Accrued expenses and other payables	178,364	273,326
Total liabilities	7,650,444	7,404,098
Equity		
Net assets attributable to unitholders	242,514,682	243,796,888
Number of units outstanding	26,588,697.077	26,396,042.712
Net asset value per unit (calculated in accordance with the Sub-Fund's explanatory memorandum)	9.120	9.236

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INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2018

Investments (73.10%)	Holdings	Fair Value HKD	% of Net Asset
Equity securities (73.10%)			
Listed in Hong Kong			
HSBC Holdings PLC	212,800	15,651,440	6.45%
Power Assets Holdings Ltd	63,500	3,482,975	1.44%
Geely Automobile Holdings Ltd	156,000	3,166,800	1.31%
China Petroleum & Chemical Corp	1,210,000	8,470,000	3.49%
Tencent Holdings Ltd	47,900	18,853,440	7.77%
China Unicom Hong Kong Ltd	226,000	2,212,540	0.91%
CNOOC Ltd	822,000	11,113,440	4.58%
China Construction Bank Corp	1,991,000	14,414,840	5.94%
CK Infrastructure Holdings Ltd	62,000	3,605,300	1.49%
China Shenhua Energy Co Ltd	87,000	1,619,940	0.67%
AIA Group Ltd	209,000	14,337,400	5.91%
Industrial & Commercial Bank of China Ltd	1,512,000	8,860,320	3.65%
BOC Hong Kong Holdings Ltd	92,000	3,399,400	1.4%
Country Garden Services Holdings Co Ltd	438,000	4,406,280	1.82%
Guangdong Investment Ltd	390,000	4,836,000	1.99%
CSPC Pharmaceutical Group Ltd	204,000	4,824,600	1.99%
China Resources Gas Group Ltd	206,000	6,993,700	2.88%
China Resources Phoenix Healthcare Holdings Co Ltd	461,000	4,416,380	1.82%
Guangzhou Automobile Group Co Ltd	461,200	3,537,404	1.46%
ENN Energy Holdings Ltd	66,000	5,085,300	2.1%
Nine Dragons Paper Holdings Ltd	296,000	2,954,080	1.22%
China Oilfield Services Ltd	320,000	2,364,800	0.98%
CIMC Enric Holdings Ltd	328,000	2,446,880	1.01%
China Merchants Bank Co Ltd	123,000	3,554,700	1.47%
Postal Savings Bank of China Co Ltd	467,000	2,381,700	0.98%
China Resources Beer Holdings Co Ltd	236,000	8,956,200	3.69%
China Traditional Chinese Medicine Holdings Co Ltd	278,000	1,884,840	0.78%
China Animal Healthcare Ltd	270,000	0	0%
3SBio Inc	111,500	1,984,700	0.82%
Morris Holdings Ltd	1,500,000	2,400,000	0.99%
Luye Pharma Group Ltd	170,000	1,365,100	0.56%
China Yuhua Education Corp Ltd	666,000	3,716,280	1.53%
Total investments		177,296,779	73.10%
Other net assets		65,217,903	26.90%
Total net assets as at 30 June 2018		242,514,682	100.00%
(after amortization of establishment costs)		242,514,682	100.00%
Total investments at cost		179,273,524	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018

Investments	31 December	Holdings		30 June
	2017	Additions	Disposals	2018
HSBC Holdings PLC	245,600	124,800	(157,600)	212,800
Power Assets Holdings Ltd		63,500		63,500
Galaxy Entertainment Group Ltd		70,000	(70,000)	
Want Want China Holdings Ltd	400,000		(400,000)	
Shenzhen International Holdings Ltd	335,000	220,000	(555,000)	
Geely Automobile Holdings Ltd	163,000	403,000	(410,000)	156,000
Dongyue Group Ltd	730,000		(730,000)	
Melco International Development Ltd		267,000	(267,000)	
Kingdee International Software Group Co Ltd	780,000	414,000	(1,194,000)	
Guangdong Investment Ltd		390,000		390,000
BYD Electronic International Co Ltd	279,000	626,000	(905,000)	
China Resources Beer Holdings Co Ltd		306,000	(70,000)	236,000
Angang Steel Co Ltd	348,000		(348,000)	
China Petroleum & Chemical Corp		1,900,000	(690,000)	1,210,000
Hong Kong Exchanges & Clearing Ltd	20,000	35,800	(55,800)	
Xiabuxiabu Catering Management China Holdings Co Ltd	135,000	835,000	(970,000)	
ASM Pacific Technology Ltd		30,000	(30,000)	
Gemdale Properties & Investment Corp Ltd		2,250,000	(2,250,000)	
China Traditional Chinese Medicine Holdings Co Ltd		886,000	(608,000)	278,000
Tencent Holdings Ltd	48,800	46,900	(47,800)	47,900
China Unicom Hong Kong Ltd		456,000	(230,000)	226,000
ZTE Corp		88,600	(88,600)	
China Literature Ltd	43		(43)	
Huadian Fuxin Energy Corp Ltd	560,000		(560,000)	
China Jinmao Holdings Group Ltd		1,842,000	(1,842,000)	
China Education Group Holdings Ltd		187,000	(187,000)	
China Water Affairs Group Ltd	298,000	360,000	(658,000)	
PetroChina Co Ltd		834,000	(834,000)	
Xinyi Glass Holdings Ltd	334,000	110,000	(444,000)	
Zhongsheng Group Holdings Ltd		135,000	(135,000)	
CNOOC Ltd	453,000	768,000	(399,000)	822,000
Anhui Conch Cement Co Ltd		118,000	(118,000)	
China Construction Bank Corp	1,825,000	1,670,000	(1,504,000)	1,991,000
China Animal Healthcare Ltd	270,000			270,000
China Suntien Green Energy Corp Ltd		4,141,000	(4,141,000)	
CK Infrastructure Holdings Ltd		62,000		62,000

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2018 (Cont')

Investments	31 December	Holdings		30 June
	2017	Additions	Disposals	2018
China Shenhua Energy Co Ltd	340,000	117,000	(370,000)	87,000
CSPC Pharmaceutical Group Ltd	622,000	328,000	(746,000)	204,000
Sino Biopharmaceutical Ltd		1,358,000	(1,358,000)	
China Resources Gas Group Ltd		206,000		206,000
Agricultural Bank of China Ltd		1,960,000	(1,960,000)	
AIA Group Ltd		243,000	(34,000)	209,000
New China Life Insurance Co Ltd	101,000	70,000	(171,000)	
China Hongqiao Group Ltd		517,500	(517,500)	
Industrial & Commercial Bank of China Ltd	2,278,000	1,771,000	(2,537,000)	1,512,000
China Resources Phoenix Healthcare Holdings Co Ltd	201,000	635,000	(375,000)	461,000
3SBio Inc		220,000	(108,500)	111,500
Morris Holdings Ltd		1,500,000		1,500,000
Postal Savings Bank of China Co Ltd		1,553,000	(1,086,000)	467,000
Tong Ren Tang Technologies Co Ltd		270,000	(270,000)	
China ZhengTong Auto Services Holdings Ltd		668,000	(668,000)	
CRRC Corp Ltd	683,000	660,000	(1,343,000)	
Sands China Ltd	116,000	52,400	(168,400)	
BAIC Motor Corp Ltd		350,000	(350,000)	
Country Garden Holdings Co Ltd		310,000	(310,000)	
AAC Technologies Holdings Inc		44,000	(44,000)	
Luye Pharma Group Ltd		960,000	(790,000)	170,000
Guangzhou Automobile Group Co Ltd	200,000	711,200	(450,000)	461,200
Lee & Man Paper Manufacturing Ltd		948,000	(948,000)	
Ping An Insurance Group Co of China Ltd	146,500	57,000	(203,500)	
Great Wall Motor Co Ltd		290,000	(290,000)	
Sunny Optical Technology Group Co Ltd		118,000	(118,000)	
BOC Hong Kong Holdings Ltd	126,000	222,500	(256,500)	92,000
China Pacific Insurance Group Co Ltd	172,000	65,000	(237,000)	
ENN Energy Holdings Ltd		66,000		66,000
Nine Dragons Paper Holdings Ltd		296,000		296,000
China Oilfield Services Ltd		854,000	(534,000)	320,000
Zijin Mining Group Co Ltd		2,146,000	(2,146,000)	
China National Building Material Co Ltd	480,000		(480,000)	
Logan Property Holdings Co Ltd	744,000		(744,000)	
Zhuzhou CRRC Times Electric Co Ltd	48,000		(48,000)	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
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Investments	31 December	Holdings		30 June
	2017	Additions	Disposals	2018
CIMC Enric Holdings Ltd		614,000	(286,000)	328,000
China Merchants Bank Co Ltd	165,000	210,000	(252,000)	123,000
CITIC Securities Co Ltd	320,000	195,000	(515,000)	
Country Garden Services Holdings Co Ltd		438,000		438,000
China Yuhua Education Corp Ltd	800,000	4,466,000	(4,600,000)	666,000