

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

SEMI-ANNUAL REPORT (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

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MANAGEMENT AND ADMINISTRATION

Manager

BOCOM International Asset Management Limited
9/F, Man Yee Building
68 Des Voeux Road Central
Central
Hong Kong

Directors of the Manager

TAN Yueheng
CHENG Chuange
SU Fen

Trustee and Registrar

Bank of Communications Trustee Limited
1/F, Far East Consortium Building
121 Des Voeux Road Central
Central
Hong Kong

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

Due to the unexpected outbreak of the Covid-19 and the continuous intensified Sino-US relationship, the Hong Kong stock market's total return decreased by 11.86 per cent during 1H 2020. The bottom point was on 23 March 2020, then, the market anticipated the global economy could recover and the Covid-19 could be controlled, the HSI rebounded and entered into a volatile market, which stayed up and down around 23,000 ~ 24,000. Compared to last year, although the HSI was weaker, interestingly, the TMT, the healthcare and the consumer staple sectors performed outstandingly during 1H 2020, which the period return was 46.35 per cent, 30.87 per cent and 11.80 per cent respectively. Top leaders of the HSI index were Techtronic Industries Co. Ltd, Hong Kong Exchanges & Clear and Tencent, which gained 49.96 per cent, 48.54 per cent and 38.58 per cent respectively. On the contrary, HSBC, Swire Pacific and Wharf Real Estate Investment ranked the bottom three of the index constituents in terms of YTD return.

Portfolio Review

For the half-year till 30 June 2020, the fund recorded + 25.16 per cent total return, which outperformed Hang Seng Index by 37.02 per cent and ranked as top 1 fund among peers, according to the statistics of Bloomberg. Given the credit to accurate strategy, our portfolio overweighed the healthcare, the consumer and the TMT sectors; and reduced the position in the financial sector and the local Hong Kong stocks. Looking forward to 2H 2020, we still believe that the trend of valuation differentiation and sector diversity will continue while some overvalued stocks would call back. However, we have confidence in leading companies which can enjoy their industries benefit and premium. In addition, we think the Sino-US relationship could have an uncertain effect on the TMT sector, which means the consumer (especially the staple sector) and the healthcare sectors may be much more defensive.

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STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2020

	30 Jun 2020 HKD	31 Dec 2019 HKD
Assets		
Financial assets at fair value through profit or loss	254,858,522	210,291,830
Amounts due from brokers	91,316	240,673
Dividend receivable	929,953	30,000
Cash and cash equivalents	27,415,753	21,965,528
Total assets	283,295,544	232,528,031
Liabilities		
Amounts due to brokers	409,328	5,618,546
Trustee fee payable	78,395	63,965
Management fee payable	361,376	289,142
Accrued expenses and other payables	173,753	260,001
Total liabilities	1,022,852	6,231,654
Equity		
Net assets attributable to unitholders	282,272,692	226,296,377

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STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Note	For the six Months ended 30 Jun 2020 HKD	For the six Months ended 30 Jun 2019 HKD
Income			
Interest income		89	60
Dividend income		2,163,281	2,049,120
Net gains/(losses) on financial assets at fair value through profit or loss		57,710,724	16,336,017
Total income		59,874,094	18,385,197
Expenses			
Management fee	2(a)	1,813,993	1,646,018
Trustee fee	2(b)	397,602	363,914
Sub-custodian fee		75,852	60,875
Audit fee		129,177	99,179
Transaction costs	2(c)	388,822	1,212,702
Bank charges		640	1,925
Legal and professional fees		92,281	-
Other expenses		14,917	20,116
Total operating expenses		2,913,284	3,404,729
Profit/(loss) before tax		56,960,810	14,980,468
Withholding taxes		(63,334)	(63,231)
Increase/(decrease) in net assets attributable to unitholders from operations		56,897,476	14,917,237

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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

	HKD units		
	<i>Number of units</i>	<i>Net assets attributable to unitholders HKD</i>	<i>Net asset value per unit HKD</i>
As at 1 January 2019	26,564,005.720	204,624,381	7.703
Issuance of units	76,507.017	601,202	
Redemption of units	(152,684.902)	(1,266,969)	
Total comprehensive income	-	14,917,237	
As at 30 June 2019	26,487,827.835	218,875,851	8.263
As at 1 January 2020	26,487,827.835	226,296,377	8.543
Issuance of units	-	-	
Redemption of units	(89,105.378)	(921,161)	
Total comprehensive income	-	56,897,476	
As at 30 June 2020	26,398,722.457	282,272,692	10.692

BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND

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NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. Basis of preparation and accounting policies

The unaudited interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The accounting policies and methods of computation applied are consistent with those of the annual financial statements for the year ended 31 December 2019. Other amendments to HKFRS effective for the financial year ended 31 December 2020 are not expected to have a material impact on the fund.

2. Transactions with the Trustee and its affiliates and the Manager and its connected persons

Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the period between the fund and the Trustee and its affiliates and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms.

(a) Management fee

The Manager is entitled to receive a management fee calculated at 1.5% (2019: 1.5%) per annum of the net asset value of the portfolio on the relevant valuation date, which shall be accrued daily and payable monthly in arrears.

The total management fee for the six months ended 30 June 2020 amounted to HKD1,813,993 (2019: HKD1,646,018). As at 30 June 2020, the fund has management fee payable to the Manager of HKD361,376 (2019: HKD289,142).

(b) Trustee fee

The Trustee of the fund is entitled to a fee payable monthly in arrears calculated as 0.30% to 0.35% per annum (2019: 0.30% to 0.35%) and subject to a minimum annual fee of HKD350,000, which is accrued daily and is payable monthly in arrears.

The total trustee fee for the six months ended 30 June 2020 amounted to HKD397,602 (2019: HKD363,914). As at 30 June 2020, trustee fee payable to the Trustee is HKD78,395 (2019: HKD63,965).

BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND

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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**2. Transactions with the Trustee and its affiliates and the Manager and its connected persons
(Continued)**

(c) Brokerage fee paid to connected persons of the Manager

During the period, the total brokerage commission paid to BOCOM International Securities Limited is listed as follows:

	Aggregate value of purchase and sales of securities HKD	Total commission paid HKD	% of Sub- Fund's total transactions during the year %	Average commission rate %
For the six months ended 30 Jun 2020				
BOCOM International Securities Limited	24,562,168	29,904	13.46	0.12
For the six months ended 30 Jun 2019				
BOCOM International Securities Limited	106,031,348	127,235	18.61	0.12

(d) Transactions with the Manager's parent company

As at 30 Jun 2020, BOCOM International Holdings Company Limited, the holding company of the Manager, held 4,000,000 units (2019: 4,000,000 units) in the fund.

(e) Transactions with the Manager's subsidiary

As at 30 Jun 2020, BOCOM International Global Investment Limited, a subsidiary of the Manager, held 21,401,515.392 units (2019: 21,401,515.392 units) in the fund.

(f) Transactions with the director of the Manager

As at 30 Jun 2020, a director of the Manager held 50,000 units (2019: 50,000 units) in the fund.

3. Soft Dollar arrangements

The manager confirms that there was no soft dollar arrangement relating to directing transactions of the fund through a broker or dealer during the six months ended 30 June 2020.

4. Borrowings

The fund did not make any borrowings during the six months ended 30 June 2020.

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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

5. Contingent liabilities and commitments

The fund did not have any contingent liabilities and commitments during the six months ended 30 June 2020

6. Distribution to unitholders

The fund did not make any distribution during the six months ended 30 June 2020

7. Details on units/shares

	Net assets value HKD	Number of units outstanding	Net asset value per unit HKD
At 30 June 2020	282,272,692	26,398,722.457	10.692
	<u>282,272,692</u>	<u>26,398,722.457</u>	<u>10.692</u>
At 31 December 2019	226,296,377	26,487,827.835	8.543
	<u>226,296,377</u>	<u>26,487,827.835</u>	<u>8.543</u>

8. Transaction Costs

Transaction costs are costs incurred to acquire financial assets or liabilities 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 recognized in the statement of comprehensive income as an expense.

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INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2020

Investments (90.29%)	Holdings	Fair Value HKD	% of Net Asset
Equity securities (90.29%)			
Listed in Hong Kong			
Tencent Holdings Ltd	47,300	23,574,320	8.35%
China Resources Land Ltd	130,000	3,815,500	1.35%
Sino Biopharmaceutical Ltd	716,000	10,453,600	3.70%
Ping An Insurance Group Company of China Ltd	159,000	12,306,600	4.36%
Shimao Property Holdings Ltd	130,000	4,264,000	1.51%
Zhongsheng Group Holdings Ltd	150,000	6,435,000	2.28%
Semiconductor Manufacturing International Corp	380,000	10,241,000	3.63%
Anta Sports Products Ltd	100,000	6,840,000	2.42%
Enn Energy Holdings Ltd	45,000	3,924,000	1.39%
China Merchants Bank Co Ltd	100,000	3,560,000	1.26%
China Tower Corp Ltd	4,200,000	5,754,000	2.04%
Sunac China Holdings Ltd	180,000	5,841,000	2.07%
Travelsky Technology Ltd	560,000	7,616,000	2.70%
China Animal Healthcare Ltd	270,000	0	0.00%
Yuexiu Transport Infrastructure Ltd	1,300,000	7,020,000	2.49%
Q Technology Group Co Ltd	300,000	3,030,000	1.07%
Shanghai Kindly Medical Instruments Co Ltd	33,000	2,115,300	0.75%
Ausnutria Dairy Corp Ltd	90,000	1,560,600	0.55%
Hope Education Group Co Ltd	1,800,000	4,734,000	1.68%
Koolearn Technology Holding Ltd	90,000	2,794,500	0.99%
Ever Sunshine Lifestyle Services Group Ltd	780,000	9,313,200	3.30%
Wuxi Biologics Cayman Inc	67,000	9,500,600	3.37%
A-Living Services Co Ltd	225,000	8,786,250	3.11%
Meituan Dianping	80,000	13,752,000	4.87%
Pharmaron Beijing Co Ltd	215,200	17,216,000	6.10%
China International Capital Corp Ltd	175,600	2,672,632	0.95%
Poly Property Services Co Ltd	49,000	3,819,550	1.35%
China Yuhua Education Corp Ltd	1,352,000	8,598,720	3.05%
Cansino Biologics Inc	110,000	23,496,000	8.32%
China Feihe Ltd	300,000	4,650,000	1.65%
Times Neighborhood Holdings Ltd	620,000	6,448,000	2.28%
Alibaba Group Holding Ltd	65,000	13,611,000	4.82%
Peijia Medical Ltd	203,000	7,115,150	2.52%
Total investments		254,858,522	90.29%
Other net assets		27,414,170	9.71%
Total net assets as at 30 June 2020		282,272,692	100.00%
(after amortization of establishment costs)			
Total investments at cost		184,281,305	

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

Investments	31 December	Holdings		30 June
	2019	Additions	Disposals	2020
Vitasoy Intl Holdings Ltd	160,000		(160,000)	
China East Education Holding Ltd	95,000	185,000	(280,000)	
Travelsky Technology Ltd		560,000		560,000
Tencent Holdings Ltd	47,800		(500)	47,300
Zte Corp	200,000		(200,000)	
China Tower Corp Ltd		4,200,000		4,200,000
Shimao Property Holdings Ltd		130,000		130,000
Zhongsheng Group Holdings Ltd	80,000	73,000	(3,000)	150,000
China Construction Bank Co Ltd	700,000		(700,000)	
China Animal Healthcare Ltd	270,000			270,000
Semiconductor Manufacturing International Corp	356,000	30,000	(6,000)	380,000
Hengan International Group Company Ltd		64,000	(64,000)	
Yuexiu Transport Infrastructure Ltd	1,020,000	280,000		1,300,000
China Resources Land Ltd	130,000			130,000
Sino Biopharmaceutical Ltd	716,000			716,000
China Resources Gas Group Ltd	74,000		(74,000)	
Aia Group Ltd	150,000		(150,000)	
Q Technology Group Co Ltd		300,000		300,000
Shanghai Kindly Medical Instruments Co Ltd		41,600	(8,600)	33,000
Ausnutria Dairy Corp Ltd		90,000		90,000
Hope Education Group Co Ltd		1,800,000		1,800,000
Shandong Gold Mining Co Ltd		50,000	(50,000)	
Koolearn Technology Holding Ltd		90,000		90,000
Sunac China Holdings Ltd	181,000		(1,000)	180,000
Ever Sunshine Lifestyle Services Group Ltd	712,000	68,000		780,000
Weimob Inc		469,000	(469,000)	
Anta Sports Products Ltd	93,000	7,000		100,000
Manpowergroup Greater China Ltd	287,000		(287,000)	
Wuxi Biologics Cayman Inc	67,000			67,000
Shenzhou International Group Holdings Ltd	55,000		(55,000)	
Ping An Insurance Group Company of China Ltd	188,500		(29,500)	159,000
China Mengniu Dairy Co Ltd	25,000		(25,000)	
Weichai Power Co Ltd	107,000	123,000	(230,000)	
Sunny Optical Technology Group Co Ltd	37,000		(37,000)	
Enn Energy Holdings Ltd	57,000		(12,000)	45,000
A-Living Services Co Ltd	255,000	30,000	(60,000)	225,000

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
(CONTINUED)
FOR THE SIX MONTHS ENDED 30 JUNE 2020

Investments	31 December	Holdings		30 June
	2019	Additions	Disposals	2020
Meituan Dianping	85,000	15,000	(20,000)	80,000
Pharmaron Beijing Co Ltd	205,000	10,200		215,200
China International Capital Corp Ltd		175,600		175,600
China Merchants Bank Co Ltd	395,800		(295,800)	100,000
Bosideng Intl Hldgs Ltd	1,100,000	600,000	(1,700,000)	
Poly Property Services Co Ltd		49,000		49,000
China Yuhua Education Corp Ltd	1,352,000			1,352,000
Cansino Biologics Inc	271,200	10,200	(171,400)	110,000
China Feihe Ltd		500,000	(200,000)	300,000
Times Neighborhood Holdings Ltd		620,000		620,000
Alibaba Group Holding Ltd	20,000	45,000		65,000
Peijia Medical Ltd		203,000		203,000
Kangji Medical Holdings Ltd		3,500	(3,500)	