

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

REPORTS AND FINANCIAL STATEMENTS

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BOCOM INTERNATIONAL CHINA DYNAMIC FUND

(A Sub-fund of BOCOM International Fund)

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
LI Ying (Ceased on 6 Nov 2019)
SU Fen (Appointed on 2 Jan 2019)

Trustee and Registrar

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

PRC Custodian

HSBC Bank (China) Company Limited
33/F, HSBC Building, Shanghai IFC
8 Century Avenue, Pudong
Shanghai

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

BOCOM INTERNATIONAL CHINA DYNAMIC FUND

(A sub-fund of BOCOM International Fund)

REPORT OF THE MANAGER TO THE UNITHOLDERS

A-share significantly fluctuated but ultimately performed well in 2019 for two main reasons. First, because of the impact of China's de-leverage action, there was a sharp fall in 2018, which led to a low evaluation basis for its performance in 2019. In addition, in early 2019, influenced by Chinese government's cuts to required reserve ratios, market vitality recovered and an upward tendency was formed. Although the market fluctuated sharply due to the influence of China-US relations in the later period, it also stimulated the momentum for the development of China's science and technology, and the independently controllable technology target was favored by the market. The leading stocks in the consumer sector and growth sector was favored throughout the year. With the Treasury yield between China and the United States expands gradually, China's GDP growth rate ranks among the top global powers, and net capital inflow is expected, we continue to be optimistic about the performance of the Chinese market from the perspective of the market trend.

In 2019, the China Dynamic fund mainly targeted stocks with stable performance among the 300 individual shares included in Shanghai Shenzhen CSI 300 Index. As of 31 December 2019, Class R and Class I of the fund have increased by 25.2% and 25.6% respectively.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
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REPORT OF THE TRUSTEE TO THE UNITHOLDERS

**TO THE UNITHOLDERS OF BOCOM INTERNATIONAL CHINA DYNAMIC FUND (THE
"SUB-FUND")**

We hereby confirm that, in our opinion, the Manager of the Sub-Fund has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 27 October 2010 and all its supplemental deeds for the year ended 31 December 2019.

A handwritten signature in black ink, appearing to read "Candy Chan". The signature is fluid and cursive, with the first name "Candy" written in a larger, more prominent script than the last name "Chan".

For and on behalf of
Bank of Communications Trustee Limited
24 April 2020

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)**

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of BOCOM International China Dynamic Fund (the "Sub-Fund"), a sub-fund of BOCOM International Fund, set out on pages 7 to 28, which comprise:

- the statement of financial position as at 31 December 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2019, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Other Information

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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 BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(CONTINUED)**
(A Sub-fund of BOCOM International Fund)

Responsibilities of the Management for the Financial Statements

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines is 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 Management of the Sub-Fund is 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 Management either intends to liquidate the Sub-Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 27 October 2010, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

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 an auditor's report that includes our opinion. We report our opinion 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 Appendix E of the SFC Code.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management'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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(CONTINUED)**
(A Sub-fund of BOCOM International Fund)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Management 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 Matters under the Relevant Disclosure Provisions of the Trust Deed and Appendix E of the SFC Code

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 Appendix E of the SFC Code.



PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 April 2020

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

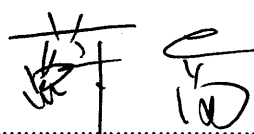
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 RMB	2018 RMB
Non-Current Assets			
Deposit reserve	3(d)	224,000	224,000
Current Assets			
Financial assets at fair value through profit or loss	3(a)	35,083,836	26,572,722
Interest receivable		15,125	38,723
Due from brokers		765,542	-
Cash and cash equivalents	3(d)	1,612,752	4,781,439
Total assets		<u>37,701,255</u>	<u>31,616,884</u>
Liabilities			
Management fee payable	7(a)	39,900	34,317
Trustee fee payable	7(b)	65,227	63,189
Sub-custodian fee payable		3,124	2,661
Provision for tax	8	-	24,031
Preliminary expenses payable	7(d)	-	54,688
Due to brokers		996,311	771,657
Accrued expense and other payables		357,999	223,080
Total liabilities (excluding net assets attributable to unitholders)		<u>1,462,561</u>	<u>1,173,623</u>
Net assets attributable to unitholders (after amortisation of establishment costs)	6	<u>36,238,694</u>	<u>30,443,261</u>
Represented by:			
Net assets attributable to unitholders (before amortisation of establishment costs)	6	36,238,694	30,488,858
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	6	-	(45,597)

Approved by the Trustee and the Manager on 24 April 2020.



For and on behalf of the Trustee
Bank of Communications Trustee Limited



For and on behalf of the Manager
BOCOM International Asset Management Limited

The notes on pages 11 to 28 are an integral part of these financial statements.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RMB	2018 RMB
Income			
Interest income		14,966	23,978
Interest from financial assets at fair value through profit or loss		102,107	115,206
Dividend income		624,137	631,557
Net gains/(losses) on financial assets at fair value through profit or loss	5	8,847,368	(12,296,526)
Net foreign currency (losses)/gains		(2)	31
Total income		<u>9,588,576</u>	<u>(11,525,754)</u>
Expenses			
Management fee	7(a)	448,762	495,221
Trustee fee	7(b)	744,001	744,001
Sub-custodian fee		35,540	32,240
Audit fee		245,874	202,757
Transaction costs		319,524	583,132
Bank charges		7,470	13,126
Legal fee and professional fees		697	94,126
Other operating expenses		99,685	34,778
Total operating expenses		<u>1,901,553</u>	<u>2,199,381</u>
Profit/(loss) before tax		7,687,023	(13,725,135)
Taxation	8	(39,992)	(65,927)
Profit/(loss) after tax		<u>7,647,031</u>	<u>(13,791,062)</u>
Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders	6	(45,597)	(72,051)
Increase/(decrease) in net assets attributable to unitholders from operations		<u>7,601,434</u>	<u>(13,863,113)</u>

The notes on pages 11 to 28 are an integral part of these financial statements.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 RMB	2018 RMB
Net assets attributable to unitholders at the beginning of the year		30,488,858	45,328,183
Redemption of units		(1,851,598)	(976,212)
Net decrease from unit transactions		(1,851,598)	(976,212)
Decrease in net assets attributable to unitholders from operations		7,601,434	(13,863,113)
Net assets attributable to unitholders at the end of the year (before amortisation of establishment costs)	6	36,238,694	30,488,858

The notes on pages 11 to 28 are an integral part of these financial statements.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 RMB	2018 RMB
Cash flows from operating activities		
Profit/(loss) after tax	7,647,031	(13,791,062)
Adjustment for:		
Dividend income	(624,137)	(631,557)
Interest income	(14,966)	(23,978)
Interest from financial assets at fair value through profit or loss	(102,107)	(115,206)
Taxation	39,992	65,927
	<hr/>	<hr/>
Operating cash flows before working capital changes	6,945,813	(14,495,876)
Change in operating assets and liabilities		
(Increase)/decrease in financial assets at fair value through profit or loss	(8,511,114)	12,500,272
(Increase)/decrease in due from brokers	(765,542)	1,464,961
Increase/(decrease) in management fee payable	5,583	(15,038)
Increase in trustee fee payable	2,038	-
Increase/(decrease) in sub-custodian fee payable	463	(1,152)
(Decrease)/increase in preliminary expense payable	(54,688)	2,215
Increase/(decrease) in due to brokers	224,654	(860,815)
Increase/(decrease) in accrued expense and other payables	134,919	(12,586)
	<hr/>	<hr/>
Cash used in operating activities	(2,017,874)	(1,418,019)
Interest received	140,671	135,853
Dividend received	624,137	631,557
Tax paid	(64,023)	(65,813)
	<hr/>	<hr/>
Net cash used in operating activities	(1,317,089)	(716,422)
	<hr/>	<hr/>
Cash flows from financing activities		
Redemption of units	(1,851,598)	(976,212)
	<hr/>	<hr/>
Net cash outflow from financing activities	(1,851,598)	(976,212)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(3,168,687)	(1,692,634)
Cash and cash equivalents at beginning of the year	4,781,439	6,474,073
	<hr/>	<hr/>
Cash and cash equivalents at end of the year	1,612,752	4,781,439
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 28 are an integral part of these financial statements.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND

(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

1 General information

BOCOM International Fund (the “Trust”) is an umbrella unit trust governed by its Trust Deed dated 27 October 2010, as amended (the “Trust Deed”) made between BOCOM International Asset Management Limited as the Manager (the “Manager”) and Bank of Communications Trustee Limited as the Trustee (the “Trustee”). The terms of the Trust Deed are governed by the law of Hong Kong. The Trust is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) under 104(1) of the Hong Kong Securities and Futures Ordinance.

BOCOM International China Dynamic Fund (the “Sub-Fund”) is one of the three sub-funds under the Trust available for investment as at 31 December 2019. The date of inception of the Sub-Fund was 4 July 2014.

The Sub-Fund seeks to achieve its investment objective by investing 70% to 95% of its Net Asset Value in A-Shares of PRC companies listed in the PRC securities markets, currently Shanghai Stock Exchange and Shenzhen Stock Exchange, and/or convertible bonds trading on the interbank bond market and/or the exchange bond market issued or distributed within the PRC. The Sub-Fund may also invest 5% to 30% of its Net Asset Value in Renminbi (“RMB”) denominated and settled fixed income securities trading on the interbank bond market and/or the exchange bond market which include bonds issued or distributed within the PRC by governments, quasi-government organizations, financial institutions and other corporations, for example, government bonds and notes, corporate bonds, financial bonds and commercial papers. The Sub-Fund may hold up to 25% of its Net Asset Value in cash in RMB.

The Manager is owned by BOCOM International Holdings Company Limited, which itself is a subsidiary of Bank of Communications Co., Ltd. (“BOCOM”, and together with BOCOM International Holdings Company Limited and its affiliates, the “BOCOM Group”).

The financial statements are presented in RMB, which is same as the functional currency of the Sub-Fund.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of BOCOM International China Dynamic Fund have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager to exercise their judgment in the process of applying the Sub-Fund’s accounting policies.

Standards and amendments to existing standards effective 1 January 2019

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2019 that have a material effect on the financial statements of the Sub-Fund.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND

(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(a) Basis of preparation (Continued)

New standards, amendments and interpretations effective after 1 January 2019 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

(b) Financial assets and financial liabilities at fair value through profit or loss

Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Sub-Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Sub-Fund's business model's objective.

As such, the Sub-Fund classifies all of its investment portfolio as financial assets at fair value through profit or loss. The Sub-Fund's policy requires the Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the statement of comprehensive income within "net gains/(losses) on financial assets at fair value through profit or loss" in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Sub-Fund's right to receive payments is established.

Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND

(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(b) Financial assets and financial liabilities at fair value through profit or loss (Continued)

Fair value estimation

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 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 reporting date. The Sub-Fund utilises the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

(c) Income and expenses

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

Dividend income is recognised when the right to receive payment is established.

Expenses are accounted for on an accrual basis.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The Sub-Fund invests mainly in A-Share equity securities and debt securities in the PRC and the performance of the Sub-Fund is measured and reported to the unitholders in RMB. The Manager considers RMB as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in RMB, 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 currency gains/(losses)”.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(d) Foreign currency translation (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”.

(e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less.

(f) Due from and due to brokers

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. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

(g) Redeemable units

The Sub-Fund’s redeemable units, which are redeemable at the holder’s option, represent puttable financial instruments of the Sub-Fund. The Sub-Fund classifies its puttable financial instruments as liabilities as the Sub-Fund issues more than one class of redeemable shares, which are redeemable at the holder’s option and do not have identical rights.

Units are issued and redeemed at the holder’s option at prices based on the Sub-Fund’s net asset value per unit at the time of issue or redemption. The Sub-Fund’s net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units. In accordance with the provisions of the Sub-Fund’s explanatory memorandum, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

(h) Distribution to unitholders

Distribution to unitholders is recognised in the statement of comprehensive income when they are approved by the Manager.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND

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NOTES TO THE FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)

(i) 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 recognised in the statement of comprehensive income as an expense.

(j) Establishment costs

Establishment costs are recognised as an expense in the period in which they are incurred.

(k) Taxation

The Sub-Fund currently incurs withholding taxes imposed by 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.

3 Financial risk management

The Sub-Fund's activities may expose it to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Fund invests.

The following is a summary of the main risks and risk management policies.

(a) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The following table discloses the financial assets at fair value through profit or loss of the Sub-Fund by product types:

	2019 RMB	2018 RMB
Financial assets at fair value through profit or loss		
RMB denominated bonds	2,139,060	3,455,570
A-share equity securities	32,944,776	23,117,152
	<u>35,083,836</u>	<u>26,572,722</u>

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(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(a) Market price risk (Continued)

The following table discloses the non-derivative financial assets at fair value through profit or loss of the Sub-Fund by industrial sectors:

	2019		2018	
	RMB	% of net asset value	RMB	% of net asset value
Basic Materials	1,119,900	3.09	1,512,500	4.96
Communications	-	-	1,659,560	5.44
Consumer, Cyclical	3,086,415	8.52	3,085,520	10.12
Consumer, Non-cyclical	10,010,811	27.62	4,475,717	14.68
Energy	-	-	288,400	0.95
Financial	6,386,970	17.62	6,310,510	20.70
Industrial	10,863,770	29.98	4,739,945	15.55
Government	2,139,060	5.90	3,455,570	11.33
Technology	1,476,910	4.08	-	-
Utilities	-	-	1,045,000	3.43
Grand Total	35,083,836	96.81	26,572,722	87.16

The Sub-Fund's market price risk is managed through diversification of the investment portfolio ratios by exposures to different industries.

There is no exposure to individual investments/issuers representing over 10% of the Sub-Fund's net asset value at the reporting date.

At 31 December 2019, the Sub-Fund invests in A-Share equity securities and is susceptible to market price risk arising from uncertainties about future values of those investments. The A-Share equity securities are publicly traded. If the prices of A-Share equity securities had increased/decreased by 10%, the Sub-Fund's pre-tax profits for the year would have resulted in an increase/decrease of RMB3,294,478 (2018: RMB2,311,715).

The sensitivity analysis of market price risk of debt securities is disclosed in the interest rate sensitivity analysis in note 3(b) below.

(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.

Certain financial assets and liabilities held by the Sub-Fund are interest bearing. As a result, the Manager considers that the Sub-Fund is subject to risks due to fluctuations in the prevailing levels of market interest rates. Change in the fair value of the interest bearing portfolio is monitored via risk measures such as interest rate duration and credit spread duration.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(b) Interest rate risk (Continued)

The tables below summarise the Sub-Fund's exposure to interest rate risks at the reporting date. Included in the table are the Sub-Fund's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity dates.

As at 31 December 2019

	Maturity up to 1 year RMB	Maturity 1-5 years RMB	No stated Maturity RMB	Non-interest Bearing RMB	Total RMB
Assets					
Investments					
- RMB denominated bonds	-	2,139,060	-	-	2,139,060
- A-Share equity securities	-	-	-	32,944,776	32,944,776
Interest receivable	-	-	-	15,125	15,125
Deposit reserve	-	-	224,000	-	224,000
Due from brokers	765,542	-	-	-	765,542
Cash and cash equivalents	1,612,752	-	-	-	1,612,752
Total assets	2,378,294	2,139,060	224,000	32,959,901	37,701,255
Liabilities					
Management fee payable	-	-	-	39,900	39,900
Trustee fee payable	-	-	-	65,227	65,227
Sub-custodian fee payable	-	-	-	3,124	3,124
Due to brokers	-	-	-	996,311	996,311
Accrued expense and other payable	-	-	-	357,999	357,999
Net assets attributable to unitholders	-	-	-	36,238,694	36,238,694
Total liabilities	-	-	-	37,701,255	37,701,255
Total interest sensitivity gap	2,378,294	2,139,060	224,000		

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(b) Interest rate risk (Continued)

As at 31 December 2018

	Maturity up to 1 year RMB	Maturity 1-5 years RMB	No stated Maturity RMB	Non-interest Bearing RMB	Total RMB
Assets					
Investments					
- RMB denominated bonds	-	3,455,570	-	-	3,455,570
- A-Share equity securities	-	-	-	23,117,152	23,117,152
Interest receivable	-	-	-	38,722	38,722
Deposit reserve	-	-	224,000	-	224,000
Cash and cash equivalents	4,781,439	-	-	-	4,781,439
Total assets	4,781,439	3,455,570	224,000	23,155,874	31,616,883
Liabilities					
Management fee payable	-	-	-	34,317	34,317
Trustee fee payable	-	-	-	63,189	63,189
Sub-custodian fee payable	-	-	-	2,661	2,661
Amount due to brokers	-	-	-	771,657	771,657
Accrued expense and other payable	-	-	-	223,080	223,080
Preliminary expenses payable	-	-	-	54,688	54,688
Net assets attributable to unitholders	-	-	-	30,488,858	30,488,858
Total liabilities	-	-	-	31,638,450	31,638,450
Total interest sensitivity gap	4,781,439	3,455,570	224,000		

At 31 December 2019, the Sub-Fund has cash and cash equivalents of RMB1,612,752 (2018: RMB4,781,439). If interest rates had been 10 basis points higher or lower with all other variables held constant, net assets attributable to unitholders of the Sub-Fund would have been RMB1,613 (2018: RMB4,781) higher or lower respectively as a result of higher or lower interest income.

The majority of the Sub-Fund's interest rate exposure on debt instruments denominated in Renminbi. Interest rate exposures are expressed in terms of rate of weighted modified duration. The Manager monitors the interest rate risks by quantifying market exposure in duration terms. Beta adjusted weighted modified duration is the modified duration multiplied by the allocation of net asset value and a sensitivity factor (beta). As at 31 December 2019, the Sub-Fund invested in debt securities of RMB2,139,060 (2018: RMB3,455,570) and the portfolio weighted average modified duration of the Sub-Fund is 3.00 (2018: 3.23).

At 31 December 2019, should interest rates have lowered/risen by 25 basis points (2018: 25 basis points) with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders for the year would amount to approximately RMB16,043 (2018: RMB3,631) arising substantially from the increase/decrease in market values of debt securities.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(c) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As at 31 December 2019 and 2018, the Sub-Fund is not exposed to currency risk arising from balances and transactions in foreign currencies as a majority of their assets and liabilities are denominated in RMB, the Sub-Fund's functional and presentation currency. Accordingly, the Management considers that it is not necessary to present a sensitivity analysis of currency risk.

(d) Credit and counterparty risk

Credit and counterparty risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund.

All transactions in securities are settled or paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the custodian has received payment. Payment is made on a purchase when the securities have been received by the custodian. The trade will fail if either party fails to meet its obligation.

The Trustee entered into a Global Custodial Services agreement with Citibank N.A., Hong Kong Branch on 25 January 2008. According to the Global Custodial Services agreement, the investment of the Sub-Fund is held in the name of the Trustee or such other name as the Trustee may reasonably designate and will indicate that the investments do not belong to the sub-custodian and are segregated from the sub-custodian's assets. The Sub-Fund's money is held in the name of the Trustee or such other name as the Trustee may reasonably designate and will be held by the sub-custodian.

The main concentration to which the Sub-Fund is exposed arises from the Sub-Fund's investments in debt securities. The Sub-Fund does not have explicit restrictions on the minimum credit ratings of securities it may hold. The Manager will actively manage the portfolio of the Sub-Fund. In case of credit rating downgrading, the Manager will adjust the positions in the portfolio using its credit analysis and rating systems that are designed to manage credit risks.

The table below summarises the credit rating of the Sub-Fund's debt portfolio, which represents 5.90% (2018: 11.33%) of the net asset value as at 31 December 2019 and 2018:

Debt securities by rating category:

Rating	2019 % of net asset value	2018 % of net asset value
Standard & Poor's		
A+	5.90	11.33
	<hr/>	<hr/>
	5.90	11.33
	<hr/> <hr/>	<hr/> <hr/>

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

The Manager has assessed the credit quality of the bonds based on the nature of the issuers and the historical information about the issuers' default rates. The unrated securities have been assessed by the investment manager to have credit quality consistent with BBB/Baa rated securities. A BBB/Baa rating is the lowest rating a bond can have and still be considered investment-grade. An investment grade bond is a bond considered to have a relatively low risk of default. As at 31 December 2019 and 2018, there are no non-rated debt securities in default.

The Sub-Fund is also exposed to credit and counterparty risk on cash and cash equivalents.

The table below summarises the net exposure to the Sub-Fund's counterparties together with their credit ratings:

As at 31 December 2019

	RMB	Credit rating	Source of credit rating
Investments			
HSBC Bank (China) Company Limited	35,083,836	A+	Standard & Poor's
Cash and cash equivalents			
HSBC Bank (China) Company Limited	1,607,407	A+	Standard & Poor's
Bank of Communications Co., Ltd Hong Kong Branch ¹	5,345	A-	Standard & Poor's
Deposit reserve			
HSBC Bank (China) Company Limited	224,000	A+	Standard & Poor's
Due from broker			
CITIC Securities Co., Ltd.	254,634	BBB+	Standard & Poor's
Guotai Junan Securities Co., Ltd.	510,908	BBB+	Standard & Poor's

As at 31 December 2018

	RMB	Credit rating	Source of credit rating
Investments			
HSBC Bank (China) Company Limited	26,572,722	A	Standard & Poor's
Cash and cash equivalents			
HSBC Bank (China) Company Limited	4,731,074	A	Standard & Poor's
Bank of Communications Co., Ltd Hong Kong Branch ¹	50,365	A-	Standard & Poor's

¹ Credit rating of its ultimate holding company Bank of Communications Co., Ltd. is used.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(d) Credit and counterparty risk (Continued)

All the Sub-Fund's investments, cash and cash equivalents, deposit reserve and due from brokers are held in major financial institutions, which the Sub-Fund believes are of high credit quality. The Manager considers that the Sub-Fund does not have a significant concentration of credit risk.

Cash and cash equivalents and due from brokers are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Manager mitigates the counterparty risk associated with the Sub-Fund by putting in place appropriate counterparty risk management procedures. The Manager monitors the credit rating of the brokers on an ongoing basis.

(e) Liquidity risk

Liquidity risk is the risk that the Sub-Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Sub-Fund is exposed to daily redemptions of units in the Sub-Fund. The Sub-Fund invests the majority of their assets in securities that are traded in an active market which can be readily disposed of.

Units are redeemed on demand at the unitholder's option. With a view to protect the interest of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of units of the Sub-Fund redeemed on any dealing day to 10% of the total number of units in issue. As at 31 December 2019, there were 2 (2018:2) unitholder accounts each holding more than 10% of the Sub-Fund's units.

The table below analyses the Sub-Fund's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 3 months RMB
As at 31 December 2019	
Management fee payable	39,900
Trustee fee payable	65,227
Sub-custodian fee payable	3,124
Due to brokers	996,311
Accrued expenses and other payables	357,999
Net assets attributable to unitholders	36,238,694
Contractual cash outflow	<u><u>37,701,255</u></u>

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(e) Liquidity risk (Continued)

	Less than 3 months RMB
As at 31 December 2018	
Management fee payable	34,317
Trustee fee payable	63,189
Sub-custodian fee payable	2,661
Due to brokers	771,657
Preliminary expense payable	54,688
Accrued expenses and other payables	223,080
Net assets attributable to unitholders	30,488,858
Contractual cash outflow	<u><u>31,638,450</u></u>

As at 31 December 2019, the total assets of the Sub-Fund amounted to RMB37,701,255 (2018: RMB31,616,884). The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 3 months or less.

The following table illustrates the expected liquidity of assets held:

	Less than 3 months RMB	Over 3 months RMB
As at 31 December 2019		
Total assets	<u>37,462,388</u>	<u>238,867</u>
As at 31 December 2018		
Total assets	<u>31,378,017</u>	<u>238,867</u>

(f) Fair value estimation

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(f) Fair value estimation (Continued)

The determination of what constitutes “observable” requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets and liabilities measured at fair value at 31 December 2019 and 2018 respectively:

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
As at 31 December 2019				
Assets				
Financial assets at fair value through profit or loss				
- RMB denominated bonds	2,139,060	-	-	2,139,060
- A-Share equity securities	32,944,776	-	-	32,944,776
Total assets	<u>35,083,836</u>	<u>-</u>	<u>-</u>	<u>35,083,836</u>
As at 31 December 2018				
Assets				
Financial assets at fair value through profit or loss				
- RMB denominated bonds	3,455,570	-	-	3,455,570
- A-Share equity securities	23,117,152	-	-	23,117,152
Total assets	<u>26,572,722</u>	<u>-</u>	<u>-</u>	<u>26,572,722</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed bonds and active listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These included quoted debt securities. The quotes are periodically reviewed by the Manager.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2019 and 2018, there were no level 3 investment held by the Sub-Fund.

For the year ended 31 December 2019 and 2018, there were no transfers between levels.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(g) Capital risk management

The Sub-Fund's capital is represented by the net assets attributable to unitholders. The Sub-Fund strives to invest the subscriptions in investments that meet the Sub-Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions. The Management may:

- Redeem and issue new units in accordance with the constitutive documents of the Sub-Fund; and
- Exercise discretion when determining the amount of distributions of the Sub-Fund to the unitholders.

4 Financial instruments by category

Financial assets

Apart from financial assets at fair value through profit or loss as disclosed in the statement of financial position which are classified as at fair value through profit or loss, all other financial assets as disclosed in the statement of financial position, including interest receivable, due from brokers, deposit reserve and cash and cash equivalents, are categorised as "loans and receivables".

Financial liabilities

All financial liabilities as disclosed in the statement of financial position, including amount due to brokers, management fee payable, trustee fee payable, other fee payables and net assets attributable to unitholders, are categorised as "other financial liabilities".

5 Net gains/(losses) on financial assets at fair value through profit or loss

	2019 RMB	2018 RMB
Change in unrealised gains/losses of financial assets at fair value through profit or loss	5,389,607	(4,573,693)
Net realised gains/(losses) on sale of financial assets at fair value through profit or loss	3,457,761	(7,722,833)
	<u>8,847,368</u>	<u>(12,296,526)</u>

6 Number of units in issue and net assets attributable to unitholders per unit

As at 31 December 2019 and 2018, the Sub-Fund issued two classes of units – Class I and Class R. Class R units are available for sale to the retail public in Hong Kong. Class I units are offered to institutional investors.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

6 Number of units in issue and net assets attributable to unitholders per unit (Continued)

The movements of the redeemable units are as follows:

	Number of redeemable units	
	2019	2018
<u>Class I</u>		
Units in issue at beginning of the year	2,100,000.000	2,100,000.000
Units in issue at end of the year	<u>2,100,000.000</u>	<u>2,100,000.000</u>
<u>Class R</u>		
Units in issue at beginning of the year	900,352.470	980,891.190
Redemption of units during the year	(160,941.978)	(80,538.720)
Units in issue at end of the year	<u>739,410.492</u>	<u>900,352.470</u>

In accordance with the Sub-Fund's explanatory memorandum, the establishment costs of the Sub-Fund will be amortised over the first five years. However, as stated in Note 2(j), the accounting policy of the Sub-Fund for the purpose of compliance with HKAS 38, "Intangible Assets" and for reporting purpose is to expense the expenses incurred in the formation of the Sub-Fund in the period in which they arose. At 31 December 2019, the unamortised establishment costs were RMBNil (2018: RMB45,597) for the Sub-Fund.

Net assets attributable to unitholders represent a liability in the statement of financial position, carried at the redemption amount that would be payable at the statement of financial position date if the unitholders exercised the right to redeem the units.

Consequently, for the year ended 31 December 2019, the amount described above of RMBNil (2018: RMB45,597) is recognised as "Adjustment for different basis adopted by the Sub-Fund in arriving at net assets attributable to unitholders" in the statement of financial position. The movement in difference of RMB45,597 (2018: RMB72,051) is recognised in the statement of comprehensive income.

The following table details the net asset value per unit of each class of units at the reporting date:

	Net assets per class RMB	Number of units outstanding	Net asset value per unit RMB
At 31 December 2019			
Class I	26,913,749	2,100,000.000	12.816
Class R	<u>9,324,945</u>	<u>739,410.492</u>	<u>12.611</u>
At 31 December 2018			
Class I	21,423,388	2,100,000.000	10.201
Class R	<u>9,065,470</u>	<u>900,352.470</u>	<u>10.068</u>

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with the Trustee and its affiliates and the Manager and its connected persons

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Fund and 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 year between the Sub-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. 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 and in Note 3(d).

(a) Management fee

The Manager is entitled to receive a management fee calculated and accrued on each dealing day and payable monthly in arrears. The Manager currently charges a rate of 1.5% per annum for Class R and 1.2% per annum for Class I.

The management fee charged for the year ended 31 December 2019 was RMB448,762 (2018: RMB495,221), of which RMB39,900 (2018: RMB34,317) was outstanding at 31 December 2019.

(b) Trustee fee

The Trustee is entitled to receive a trustee fee of up to 1% per annum of the net asset value of the Sub-Fund. Currently, the Trustee is entitled to receive a fee of 0.11% per annum of the net asset value of each class of the Sub-Fund, subject to a monthly minimum fee of RMB31,000 (2018: RMB31,000) for each class of units. The fee is calculated and accrued daily and payable monthly in arrears.

The trustee fee charged for the year was RMB744,001 (2018: RMB744,001), of which RMB65,227 (2018: RMB63,189) was outstanding at 31 December 2019.

(c) Preliminary expense payable

The establishment costs payable included the establishment costs paid by the Manager on behalf of the Sub-Fund. At 31 December 2019, establishment costs payable of RMBNil (2018: RMB54,688) was payable to the Manager.

(d) Cash and cash equivalents and investments

Cash and cash equivalents of RMB1,612,752 (2018: RMB4,781,439) and deposit reserve of RMB224,000 (2018: RMB224,000) are held with related parties of the Trustee and the Manager. During the year, the Sub-Fund recognised interest income of RMB14,966 (2018: RMB6,242) and bank charges of RMB7,470 (2018: RMB 13,126) from the cash and cash equivalents and deposit reserve held with related parties of the Trustee and the Manager.

(e) Transactions with the Manager's parent company

As at 31 December 2019, BOCOM International Holdings Company Limited, the holding company of the Manager, held 2,000,000 (2018: 2,000,000) Class I units in the Sub-Fund.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

7 Transactions with the Trustee and its affiliates and the Manager and its connected persons (Continued)

(f) Transaction with the directors of the Manager

As at 31 December 2019, the directors of the Manager held 50,000 (2018: 50,000) units in the Sub-Fund.

(g) Transaction with the related parties of the Manager

During the year ended 31 December 2019, the Sub-Fund recognised a sub-custodian fee of RMB35,540 (2018: RMB32,240) charged by the related parties of the Trustee and the Manager.

8 Taxation

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made for the Sub-Fund as the Sub-Fund is authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempt from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

PRC Withholding Tax

For the year ended 31 December 2019 and 2018, the Sub-Fund had invested in RMB denominated A-shares and debt securities in PRC.

Under the general tax provision of PRC corporate income tax law ("CIT Law"), a 10% withholding income tax would be payable on the income derived from China by non-PRC tax resident enterprises without an establishment in China, unless exempt or reduced under specific tax circulars or relevant tax treaty. In addition, the non-PRC residents enterprises with interest income derived from the debt securities will be subject to 10% withholding interest income tax. Pursuant to the PRC CIT Law, debt securities issuers in the PRC are obligated to withhold the 10% interest income tax for those debt securities holders who are subject to the interest income tax in the PRC. However, interest income derived from government bonds is exempt from withholding interest income tax under the PRC CIT Law.

The Sub-Fund currently makes tax provision for capital gains from RMB denominated bonds and interest income from non-government RMB denominated bonds in PRC.

The taxation of the Sub-Fund represents:

	2019 RMB	2018 RMB
Withholding tax on interest income	1,470	2,323
Withholding tax on dividend income	62,553	63,604
Reverse of capital gain tax provision	(24,031)	-
Taxation	<u>39,992</u>	<u>65,927</u>

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A Sub-fund of BOCOM International Fund)

NOTES TO THE FINANCIAL STATEMENTS

8 Taxation (Continued)

The movement in provision for taxation during the year is as follows:

	2019 RMB	2018 RMB
At the beginning of the year	24,031	23,917
Taxation charged to the statement of comprehensive income	39,992	65,927
Tax paid	(64,023)	(65,813)
At the end of the year	<u>-</u>	<u>24,031</u>

9 Soft commission arrangements

The Manager confirms that there has been no soft commission arrangement existing during the year ended 31 December 2019 and 2018 in relation to directing transactions of the Sub-Fund through a broker or dealer.

10 Distribution to unitholders

The Sub-Fund did not make any distribution during the year ended 31 December 2019 and 2018.

11 Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 24 April 2020.

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A sub-fund of BOCOM International Fund)

INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 31 DECEMBER 2019

Investments (96.81%)	Holdings	Fair Value RMB	% of Net assets
Debt securities (5.90%)			
Listed in China			
CGB 3.40 04/17/2023	2,100,000	2,139,060	5.90%
		<u>2,139,060</u>	<u>5.90%</u>
		-----	-----
Equity securities (90.91%)			
Listed in China			
Aier Eye Hospital Group Co Ltd	45,100	1,784,156	4.92%
Anhui Conch Cement Co Ltd	52,527	2,878,480	7.94%
Beijing Oriental Yuhong Waterproof Technology Co Ltd	37,000	973,470	2.69%
China Merchants Bank Co Ltd	46,000	1,728,680	4.77%
Eve Energy Co Ltd	19,000	953,040	2.63%
Huatai Securities Co Ltd	15,000	304,650	0.84%
Inspur Electronic Information Industry Co Ltd	13,500	406,350	1.12%
Jafron Biomedical Co Ltd	15,000	1,077,600	2.97%
JCET Group Co Ltd	32,000	703,360	1.94%
Jiangsu Hengrui Medicine Co Ltd	26,000	2,275,520	6.28%
Juewei Food Co Ltd	3,500	162,575	0.45%
Kweichow Moutai Co Ltd	2,800	3,312,400	9.15%
Lepu Medical Technology Beijing Co Ltd	20,000	661,600	1.83%
Luxshare Precision Industry Co Ltd	91,100	3,325,150	9.19%
Midea Group Co Ltd	39,900	2,324,175	6.41%
Ping An Bank Co Ltd	114,000	1,875,300	5.17%
Ping An Insurance Group Co of China Ltd	29,000	2,478,340	6.84%
Sanan Optoelectronics Co Ltd	20,000	367,200	1.01%
Sany Heavy Industry Co Ltd	78,000	1,329,900	3.67%
Shandong Gold Mining Co Ltd	24,000	782,880	2.16%
Wanhua Chemical Group Co Ltd	6,000	337,020	0.93%
Weichai Power Co Ltd	48,000	762,240	2.10%
WuXi AppTec Co Ltd	8,000	736,960	2.03%
Zhejiang Sanhua Intelligent Controls Co Ltd	81,000	1,403,730	3.87%
		<u>32,944,776</u>	<u>90.91%</u>
		-----	-----
Total investments		<u>35,083,836</u>	<u>96.81%</u>
		-----	-----
Other net assets		<u>1,154,858</u>	<u>3.19%</u>
		-----	-----
Total net assets as at 31 December 2019		<u><u>36,238,694</u></u>	<u><u>100.00%</u></u>
		-----	-----
Total Investments at cost		<u><u>30,345,675</u></u>	

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A sub-fund of BOCOM International Fund)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Holdings				2019
	2018	Additions	Corporate Action	Disposals	
Investments					
Accelink Technologies Co Ltd	-	10,000	-	10,000	-
Agricultural Bank of China Ltd	260,000	181,400	-	441,400	-
Aier Eye Hospital Group Co Ltd	-	63,100	-	18,000	45,100
Air China Ltd	72,000	-	-	72,000	-
Aluminum Corp of China Ltd	-	80,000	-	80,000	-
Angel Yeast Co Ltd	-	17,000	-	17,000	-
Anhui Conch Cement Co Ltd	-	52,527	-	-	52,527
Bank of China Ltd	300,000	190,000	-	490,000	-
Bank of Ningbo Co Ltd	-	22,500	-	22,500	-
Beijing Easpring Material Technology Co Ltd	-	12,000	-	12,000	-
Beijing Enlight Media Co Ltd	-	40,000	-	40,000	-
Beijing Oriental Yuhong Waterproof Technology Co Ltd	38,000	56,000	-	57,000	37,000
Beijing Sinnet Technology Co Ltd	-	20,000	-	20,000	-
BOE Technology Group Co Ltd	-	180,000	-	180,000	-
BYD Co Ltd	-	14,000	-	14,000	-
Centre Testing International Group Co Ltd	-	78,000	-	78,000	-
CGN Power Co Ltd	-	4,500	-	4,500	-
Chenzhou City Jingui Silver Industry Co Ltd	-	50,000	-	50,000	-
China Construction Bank Corp	-	230,000	-	230,000	-
China Fortune Land Development Co Ltd	-	5,000	-	5,000	-
China International Travel Service Corp Ltd	-	24,800	-	24,800	-
China Merchants Bank Co Ltd	-	46,000	-	-	46,000
China Molybdenum Co Ltd	-	50,000	-	50,000	-
China Pacific Insurance Group Co Ltd	-	10,000	-	10,000	-
China Railway Signal & Communication Corp Ltd	-	30,500	-	30,500	-
China Railway Construction Corp Ltd	89,500	85,000	-	174,500	-
China Southern Airlines Co Ltd	182,000	-	-	182,000	-
China State Construction Engineering Corp Ltd	165,000	-	-	165,000	-
China United Network Communications Ltd	70,000	35,000	-	105,000	-
China Vanke Co Ltd	-	48,000	-	48,000	-
China Yangtze Power Co Ltd	-	43,983	-	43,983	-
China Zheshang Bank Co Ltd	-	5,000	-	5,000	-
Chongqing Rural Commercial Bank Co Ltd	-	2,000	-	2,000	-
Chongqing Zhifei Biological Products Co Ltd	-	23,900	-	23,900	-
CITIC Securities Co Ltd	-	78,000	-	78,000	-
COFCO Tunhe Sugar Co Ltd	-	40,000	-	40,000	-
Contemporary Amperex Technology Co Ltd	-	8,000	-	8,000	-

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Holdings				
	2018	Additions	Corporate Action	Disposals	2019
Investments					
CRRC Corp Ltd	150,000	-	-	150,000	-
Daqin Railway Co Ltd	-	40,000	-	40,000	-
DaShenLin Pharmaceutical Group Co Ltd	-	32,000	3,900	35,900	-
DBG Technology Co Ltd	-	25,000	-	25,000	-
East Money Information Co Ltd	-	134,500	-	134,500	-
Eve Energy Co Ltd	20,000	60,000	-	61,000	19,000
Foshan Haitian Flavouring & Food Co Ltd	-	4,000	-	4,000	-
Fujian Sunner Development Co Ltd	60,000	69,919	-	129,919	-
Glodon Co Ltd	-	10,000	-	10,000	-
Gree Electric Appliances Inc of Zhuhai	-	32,400	-	32,400	-
Lingyi iTech Guangdong Co	-	18,000	-	18,000	-
Guangdong Marubi Biotechnology Co Ltd	-	22,600	-	22,600	-
Guangzhou Automobile Group Co Ltd	-	20,000	-	20,000	-
Guangzhou Baiyunshan Pharmaceutical Holdings Co Ltd	20,000	-	-	20,000	-
Guangzhou Kingmed Diagnostics Group Co Ltd	-	21,000	-	21,000	-
Guoxuan High-Tech Co Ltd	-	10,000	-	10,000	-
Guangzhou Baiyun International Airport Co Ltd	-	40,000	-	40,000	-
Hangzhou Hikvision Digital Technology Co Ltd	-	22,000	-	22,000	-
Hangzhou Robam Appliances Co Ltd	-	14,000	-	14,000	-
Hengtong Optic-electric Co Ltd	-	33,000	-	33,000	-
Holitech Technology Co Ltd	-	40,000	-	40,000	-
Hoshine Silicon Industry Co Ltd	-	6,000	-	6,000	-
Huadian Power International Corp Ltd	220,000	90,000	-	310,000	-
Huadong Medicine Co Ltd	-	10,000	-	10,000	-
Huatai Securities Co Ltd	-	15,000	-	-	15,000
Huayu Automotive Systems Co Ltd	-	24,000	-	24,000	-
Hundsun Technologies Inc	-	5,000	-	5,000	-
Iflytek Co Ltd	-	20,000	-	20,000	-
Industrial & Commercial Bank of China Ltd	160,000	240,000	-	400,000	-
Industrial Bank Co Ltd	61,500	-	-	61,500	-
Inner Mongolia Yili Industrial Group Co Ltd	-	46,000	-	46,000	-
Inspur Electronic Information Industry Co Ltd	-	26,500	-	13,000	13,500
Jafron Biomedical Co Ltd	-	18,900	-	3,900	15,000
Jason Furniture Hangzhou Co Ltd	-	24,000	-	24,000	-
JCET Group Co Ltd	-	50,000	-	18,000	32,000
Jiangsu Hengrui Medicine Co Ltd	-	45,000	1,400	20,400	26,000
Jiangsu Hengshun Vinegar Industry Co Ltd	-	68,000	-	68,000	-
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	-	4,500	-	4,500	-

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Holdings				2019
	2018	Additions	Corporate Action	Disposals	
Investments					
Jiangxi Zhengbang Technology Co Ltd	-	10,000	-	10,000	-
JiuGui Liquor Co Ltd	-	6,000	-	6,000	-
Juewei Food Co Ltd	-	21,000	-	17,500	3,500
Kweichow Moutai Co Ltd	2,200	1,400	-	800	2,800
Lao Feng Xiang Co Ltd	-	10,500	-	10,500	-
Lepu Medical Technology Beijing Co Ltd	-	67,000	-	47,000	20,000
Luxi Chemical Group Co Ltd	-	12,000	-	12,000	-
Luxshare Precision Industry Co Ltd	-	114,000	14,100	37,000	91,100
Luzhou Laojiao Co Ltd	-	9,500	-	9,500	-
Midea Group Co Ltd	36,000	17,900	-	14,000	39,900
Muyuan Foodstuff Co Ltd	-	19,000	-	19,000	-
NARI Technology Co Ltd	36,000	35,000	-	71,000	-
NavInfo Co Ltd	-	16,000	-	16,000	-
New China Life Insurance Co Ltd	-	16,935	-	16,935	-
New Hope Liuhe Co Ltd	-	12,000	-	12,000	-
Ningbo Joyson Electronic Corp	-	10,000	-	10,000	-
Ningbo Xusheng Auto Technology Co Ltd	-	6,000	-	6,000	-
Ningbo Yunsheng Co Ltd	-	60,000	-	60,000	-
Offen Education Technology Co Ltd	-	120,000	-	120,000	-
OFILM Group Co Ltd	-	70,000	-	70,000	-
PetroChina Co Ltd	40,000	-	-	40,000	-
Ping An Bank Co Ltd	60,000	165,000	-	111,000	114,000
Ping An Insurance Group Co of China Ltd	35,000	7,500	-	13,500	29,000
Porton Pharma Solutions Ltd	-	20,000	-	20,000	-
Proya Cosmetics Co Ltd	10,500	19,000	-	29,500	-
SAIC Motor Corp Ltd	-	67,948	-	67,948	-
Sanan Optoelectronics Co Ltd	-	20,000	-	-	20,000
Sany Heavy Industry Co Ltd	-	78,000	-	-	78,000
SDIC Power Holdings Co Ltd	-	120,000	-	120,000	-
Shaanxi Coal Industry Co Ltd	-	20,000	-	20,000	-
Shandong Minhe Animal Husbandry Co Ltd	-	5,000	-	5,000	-
Shandong Gold Mining Co Ltd	50,000	54,500	4,600	85,100	24,000
Shandong Humon Smelting Co Ltd	-	40,000	-	40,000	-
Shandong Sinocera Functional Material Co Ltd	-	8,000	-	8,000	-
Shandong Yisheng Livestock & Poultry Breeding Co Ltd	-	5,000	-	5,000	-
Shengda Resources Co Ltd	-	50,000	-	50,000	-
Shennan Circuits Co Ltd	-	3,000	-	3,000	-
Shenzhen Mindray Bio-Medical Electronics Co Ltd	-	5,900	-	5,900	-
Shenzhen Sunlord Electronics Co Ltd	-	13,000	-	13,000	-
Shenzhen Sunway Communication Co Ltd	-	47,000	-	47,000	-
Spring Airlines Co Ltd	-	10,000	-	10,000	-
Sunsea AIoT Technology Co Ltd	-	10,000	-	10,000	-
Suofeiya Home Collection Co Ltd	-	20,000	-	20,000	-

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
(A sub-fund of BOCOM International Fund)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

	Holdings				
	2018	Additions	Corporate Action	Disposals	2019
Investments					
Suzhou Dongshan Precision Manufacturing Co Ltd	-	15,000	-	15,000	-
Tangshan Jidong Cement Co Ltd	-	60,000	-	60,000	-
TCL Technology Group Corp	-	50,000	-	50,000	-
Tianjin Zhonghuan Semiconductor Co Ltd	-	15,000	-	15,000	-
Tongwei Co Ltd	-	14,000	-	14,000	-
Topchoice Medical Corp	-	5,000	-	5,000	-
Tsingtao Brewery Co Ltd	-	14,000	-	14,000	-
Wanhua Chemical Group Co Ltd	-	6,000	-	-	6,000
Weichai Power Co Ltd	-	63,000	-	15,000	48,000
Wens Foodstuffs Group Co Ltd	12,000	123,000	-	135,000	-
Wuliangye Yibin Co Ltd	-	35,300	-	35,300	-
WUS Printed Circuit Kunshan Co Ltd	-	38,000	-	38,000	-
WuXi AppTec Co Ltd	-	18,000	-	10,000	8,000
Wuxi Lead Intelligent Equipment Co Ltd	-	19,996	-	19,996	-
Yangtze Optical Fibre and Cable Joint Stock Ltd Co	8,000	8,000	-	16,000	-
Yantai Jereh Oilfield Services Group Co Ltd	-	21,000	-	21,000	-
Yonghui Superstores Co Ltd	-	60,000	-	60,000	-
Yonyou Network Technology Co Ltd	-	52,000	-	52,000	-
Yunda Holding Co Ltd	-	40,000	-	40,000	-
Yixintang Pharmaceutical Group Co Ltd	-	6,000	-	6,000	-
Zhangzhou Pientzhuang Pharmaceutical Co Ltd	8,000	-	-	8,000	-
Zhejiang Huayou Cobalt Co Ltd	-	11,000	-	11,000	-
Zhejiang Longsheng Group Co Ltd	-	45,000	-	45,000	-
Zhejiang Sanhua Intelligent Controls Co Ltd	-	81,000	-	-	81,000
Zhejiang Satellite Petrochemical Co Ltd	-	27,000	-	27,000	-
Zhejiang Supor Co Ltd	-	13,000	-	13,000	-
Zijin Mining Group Co Ltd	-	90,000	-	90,000	-
ZTE Corp	50,000	50,000	-	100,000	-
CGB 3.40 04/17/23	2,100,000	1,000,000	-	1,000,000	2,100,000
CGB 4.26 07/31/21	1,300,000	1,050,000	-	2,350,000	-

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
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PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Net asset values

	Net asset value RMB	Net asset value per unit RMB
At 31 December 2019 (Dealing NAV)		
Class I	26,913,749	12.816
Class R	9,324,945	12.611
	<u> </u>	<u> </u>
At 31 December 2018 (Dealing NAV)		
Class I	21,423,388	10.201
Class R	9,065,470	10.068
	<u> </u>	<u> </u>
At 31 December 2017 (Dealing NAV)		
Class I	30,995,843	14.759
Class R	14,332,340	14.611
	<u> </u>	<u> </u>

BOCOM INTERNATIONAL CHINA DYNAMIC FUND
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PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Highest and lowest net asset value per unit (Dealing NAV)

	Highest net asset value per unit RMB	Lowest net asset value per unit RMB
Year ended 31 December 2019		
Class I	13.336	10.083
Class R	13.129	9.951
	<u>13.336</u>	<u>10.083</u>
Year ended 31 December 2018		
Class I	15.854	10.143
Class R	15.692	10.011
	<u>15.854</u>	<u>10.143</u>
Year ended 31 December 2017		
Class I	15.283	11.477
Class R	15.134	11.394
	<u>15.283</u>	<u>11.394</u>
Year ended 31 December 2016		
Class I	12.628	10.570
Class R	12.575	10.524
	<u>12.628</u>	<u>10.524</u>
Year ended 31 December 2015		
Class I	20.135	11.468
Class R	20.086	11.430
	<u>20.135</u>	<u>11.430</u>
Period ended 31 December 2014 (from inception)		
Class I	14.409	9.751
Class R	14.393	9.745
	<u>14.409</u>	<u>9.745</u>