

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

**SEMI-ANNUAL REPORT (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

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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**

MENG Yu  
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

## **BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND**

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### **REPORT OF THE MANAGER TO THE UNITHOLDERS**

#### **Market Review**

Hong Kong stock market's total return went up 7.42 per cent during first half of 2021, which was a better return than last year. At the beginning of 2021, with the continuous inflow of southbound funds, the trading of market became very actively and Hang Seng index hit the high point of this year at the mid of February. However, due to the unexpected soaring of U.S. 10-year treasury yield, the panic spread around the global equity market especially for the high valued growth stocks. HSI plummeted over 3,000 points the end of March 2021. Afterwards, the market recovered and rose slightly in volatility. HSI finally came back around 28,800 level at end of June. Generally speaking, during first half of 2021, among HSCI, energy, healthcare and conglomerate sector performed outstandingly during the whole year, the return was 22.98 per cent, 22.27 per cent and 16.68 per cent respectively – Country Garden Service, which stock price recorded 59.96 per cent return and PetroChina Co. Ltd and ICTIC Ltd followed, which gained 57.50 per cent and 52.46 per cent. Oppositely, Haidilao, Alibaba Health Information and Ping An Insurance Group ranked the last three performing index member.

#### **Portfolio Review**

For the first half of 2021, the fund recorded a 15.76 per cent total return, which outperformed Hang Seng Index by 8.34 per cent. Besides, according to the statistic of Bloomberg, the fund kept No.1 among 66 peers in this period. The primary reason is that the portfolio manager has confidence in the structural market and adjusted the position in time to make the stocks more balanced. Therefore, compared to the index, the fund obtained excess return in first half of 2021. Looking forward to second half of 2021, we are still optimistic because of the lower valuation of the Hong Kong market. Therefore, we believe that some undervalued stocks may bounce in future, the trend of the market may become more balanced, which means some lagged sectors such as financial, transportation and energy may perform better than in previous years. With the increase of vaccination rate, we still think healthcare and consumer sectors would persistently imply attractive investment opportunities.

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**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

**AS AT 30 JUNE 2021**

	<b>30 Jun 2021 HKD</b>	<b>31 Dec 2020 HKD</b>
<b>Assets</b>		
Financial assets at fair value through profit or loss	227,446,220	308,501,045
Dividend receivable	340,505	-
Prepayment	139,706	34,501
Cash and cash equivalents	15,684,762	10,092,801
<b>Total assets</b>	<b>243,611,193</b>	<b>318,628,347</b>
<b>Liabilities</b>		
Management fee payable	289,859	385,130
Trustee fee payable	63,725	82,955
Amounts due to brokers	-	427,537
Withdrawal payables	3,209,903	-
Accrued expenses and other payables	428,948	288,750
<b>Total liabilities</b>	<b>3,992,435</b>	<b>1,184,372</b>
<b>Equity</b>		
Net assets attributable to unitholders	<b>239,618,758</b>	<b>317,443,975</b>

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**STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	Note	<b>For the six Months ended 30 Jun 2021 HKD</b>	<b>For the six Months ended 30 Jun 2020 HKD</b>
<b>Income</b>			
Interest income		72	89
Dividend income		1,333,876	2,163,281
Net gains on financial assets at fair value through profit or loss		45,679,728	57,710,724
<b>Total income</b>		<u>47,013,676</u>	<u>59,874,094</u>
<b>Expenses</b>			
Management fee	2(a)	1,967,228	1,813,993
Trustee fee	2(b)	427,075	397,602
Sub-custodian fee		61,890	75,852
Audit fee		125,321	129,177
Transaction costs	2(c)	617,553	388,822
Bank charges		12,285	640
Legal and professional fees		-	92,281
Other expenses		15,030	14,917
<b>Total operating expenses</b>		<u>3,226,382</u>	<u>2,913,284</u>
<b>Profit before tax</b>		43,787,294	56,960,810
Withholding taxes		(34,273)	(63,334)
<b>Increase in net assets attributable to unitholders from operations</b>		<u>43,753,021</u>	<u>56,897,476</u>

**BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND**

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**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS  
(UNAUDITED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

	HKD units		
	<i>Number of units</i>	<i>Net assets attributable to unitholders HKD</i>	<i>Net asset value per unit HKD</i>
<b>As at 1 January 2020</b>	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	
<b>As at 30 June 2020</b>	26,398,722.457	282,272,692	10.692
<b>As at 1 January 2021</b>	25,342,900.239	317,443,975	12.525
Issuance of units	9,380,225.442	125,429,605	
Redemption of units	(18,197,059.731)	(247,007,843)	
Total comprehensive income	-	43,753,021	
<b>As at 30 June 2021</b>	16,526,065.950	239,618,758	14.499

**BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**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 2020, 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 2020. Other amendments to HKFRS effective for the financial year ended 31 December 2021 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% (2020: 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 2021 amounted to HKD1,967,228 (2020: HKD1,813,993). As at 30 June 2021, the fund has management fee payable to the Manager of HKD289,859 (2020: HKD361,376).

**(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 (2020: 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 2021 amounted to HKD427,075 (2020: HKD397,602). As at 30 June 2021, trustee fee payable to the Trustee is HKD63,725 (2020: HKD78,395).



**BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**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 %
<b>For the six months ended 30 Jun 2021</b>				
BOCOM International Securities Limited	52,744,071	63,555	18.06	0.12
<b>For the six months ended 30 Jun 2020</b>				
BOCOM International Securities Limited	24,562,168	29,904	13.46	0.12

**(d) Transactions with the Manager's parent company**

As at 30 Jun 2021, BOCOM International Holdings Company Limited, the holding company of the Manager, held 10,804,264 units (2020: 4,000,000 units) in the fund.

**(e) Transactions with the Manager's subsidiary**

As at 30 Jun 2021, BOCOM International Global Investment Limited, a subsidiary of the Manager, held 2,699,313.895 units (2020: 21,401,515.392 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 2021.

**4. Borrowings**

The fund did not make any borrowings during the six months ended 30 June 2021.

**BOCOM INTERNATIONAL DRAGON CORE GROWTH FUND**

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**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**5. Contingent liabilities and commitments**

The fund did not have any contingent liabilities and commitments during the six months ended 30 June 2021

**6. Distribution to unitholders**

The fund did not make any distribution during the six months ended 30 June 2021

**7. Details on units/shares**

	Net assets value HKD	Number of units outstanding	Net asset value per unit HKD
<b>At 30 June 2021</b>	<u>239,618,758</u>	<u>16,526,065.950</u>	<u>14.499</u>
<b>At 31 December 2020</b>	<u>317,443,975</u>	<u>25,342,900.239</u>	<u>12.525</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 2021**

<b>Investments (94.92%)</b>	<b>Holdings</b>	<b>Fair Value HKD</b>	<b>% of Net Asset</b>
<b>Equity securities (94.92%)</b>			
<b>Listed in Hong Kong</b>			
Techtronic Industries Co Ltd	20,000	2,712,000	1.13%
Tencent Holdings Ltd	30,000	17,520,000	7.31%
China Construction Bank Corp	1,270,000	7,759,700	3.24%
Sino Biopharmaceutical Ltd	803,000	6,110,830	2.55%
AIA Group Ltd	49,200	4,747,800	1.98%
Wuxi Biologics Cayman Inc	128,500	18,272,700	7.63%
Meituan	20,000	6,404,000	2.67%
Alibaba Group Holding Ltd	25,000	5,500,000	2.30%
Zhongsheng Group Holdings Ltd	80,000	5,168,000	2.16%
SITC International Holdings Co Ltd	300,000	9,735,000	4.06%
China Resources Medical Holdings Co Ltd	300,000	2,829,000	1.18%
ANTA Sports Products Ltd	75,000	13,710,000	5.72%
Great Wall Motor Co Ltd	50,000	1,255,000	0.52%
ENN Energy Holdings Ltd	45,000	6,646,500	2.77%
Chinasoft International Ltd	242,000	3,421,880	1.43%
TravelSky Technology Ltd	610,000	10,187,000	4.25%
China Animal Healthcare Ltd	270,000	-	0.00%
Xinte Energy Co Ltd	180,000	3,006,000	1.25%
Everest Medicines Ltd	63,000	4,866,750	2.03%
CIFI Ever Sunshine Services Group Ltd	600,000	11,568,000	4.83%
Vesync Co Ltd	650,000	7,514,000	3.14%
WuXi AppTec Co Ltd	8,500	1,538,500	0.64%
Pharmaron Beijing Co Ltd	90,000	18,630,000	7.78%
China International Capital Corp Ltd	260,000	5,421,000	2.26%
China Yuhua Education Corp Ltd	1,352,000	9,504,560	3.97%
CanSino Biologics Inc	49,000	20,207,600	8.43%
China Feihe Ltd	380,000	6,361,200	2.66%
Smoore International Holdings Ltd	100,000	4,300,000	1.80%
Bilibili Inc	4,000	3,824,000	1.60%
Powerlong Commercial Management Holdings Ltd	111,000	3,019,200	1.26%
Jiumaojiu International Holdings Ltd	180,000	5,706,000	2.38%
<b>Total investments</b>		227,446,220	90.29%
<b>Other net assets</b>		12,172,538	9.71%
<b>Total net assets as at 30 June 2021</b>		239,618,758	100.00%
<b>(after amortization of establishment costs)</b>		239,618,758	100.00%
<b>Total investments at cost</b>		130,675,765	

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

Investments	31 December	Holdings		30 June
	2020	Additions	Disposals	2021
Chinasoft International Ltd		242,000		242,000
Techtronic Industries Co Ltd		20,000		20,000
TravelSky Technology Ltd	610,000			610,000
Tencent Holdings Ltd	47,000	5,000	22,000	30,000
Shimao Group Holdings Ltd	130,000		130,000	
Zhongsheng Group Holdings Ltd	150,000		70,000	80,000
China Construction Bank Corp		2,270,000	1,000,000	1,270,000
China Animal Healthcare Ltd	270,000			270,000
Sino Biopharmaceutical Ltd	1,074,000	1,481,000	1,752,000	803,000
AIA Group Ltd		49,200		49,200
SITC International Holdings Co Ltd	230,000	70,000		300,000
Q Technology Group Co Ltd	300,000		300,000	
China Resources Medical Holdings Co Ltd		300,000		300,000
Yihai International Holding Ltd	41,000		41,000	
Ausnutria Dairy Corp Ltd	550,000		550,000	
Hope Education Group Co Ltd	1,800,000		1,800,000	
Tianli Education International Holdings Ltd	207,000		207,000	
Xinte Energy Co Ltd		436,400	256,400	180,000
China Risun Group Ltd		480,000	480,000	
Sunac China Holdings Ltd	180,000		180,000	
Everest Medicines Ltd		66,000	3,000	63,000
CIFI Ever Sunshine Services Group Ltd	796,000		196,000	600,000
AAC Technologies Holdings Inc	33,000		33,000	
ANTA Sports Products Ltd	100,000		25,000	75,000
JW Cayman Therapeutics Co Ltd		75,000	75,000	
Vesync Co Ltd		650,000		650,000
Wuxi Biologics Cayman Inc	169,500		41,000	128,500
Ping An Insurance Group Co of China Ltd	151,500		151,500	
Great Wall Motor Co Ltd	270,000	50,000	270,000	50,000
WuXi AppTec Co Ltd		8,500		8,500
Aluminum Corp of China Ltd	1,244,000		1,244,000	
ENN Energy Holdings Ltd	45,000			45,000
Zijin Mining Group Co Ltd	330,000	30,000	360,000	
A-Living Smart City Services Co Ltd	200,000		200,000	
Meituan	75,000		55,000	20,000
Pharmaron Beijing Co Ltd	215,200		125,200	90,000

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)**  
**(CONTINUED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2021**

<b>Investments</b>	<b>31 December 2020</b>	<b>Holdings</b>		<b>30 June 2021</b>
		<b>Additions</b>	<b>Disposals</b>	
Zhuzhou CRRC Times Electric Co Ltd	58,000		58,000	
China International Capital Corp Ltd	400,000		140,000	260,000
China Yuhua Education Corp Ltd	1,352,000			1,352,000
CanSino Biologics Inc	109,600	6,000	66,600	49,000
China Feihe Ltd	300,000	80,000		380,000
Sun Art Retail Group Ltd	500,000		500,000	
Smoore International Holdings Ltd	202,000		102,000	100,000
JD.com Inc	19,000	1,000	20,000	
Bilibili Inc		4,000		4,000
Powerlong Commercial Management Holdings Ltd		111,000		111,000
Jiumaojiu International Holdings Ltd	180,000			180,000
Alibaba Group Holding Ltd	65,000	5,000	45,000	25,000
Zhuzhou CRRC Times Electric Co Ltd	58,000		58,000	