

**CICC-SZSE 100 INDEX TRACKER*,
(A SUB-FUND OF CICC INDEX TRUST*)**

*** This is a synthetic ETF**

31 December 2011

(Stock code: 3051)

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INVESTMENT MANAGER'S REPORT

To the unitholders of CICC-SZSE 100 Index Tracker* ("Fund")

(* This is a synthetic ETF)

Fund performance

The Fund is an index-tracking collective investment scheme whose objective is to track the performance of the SZSE 100 Index. The Fund aims to achieve its investment objective by investing in underlying securities through financial derivatives.

As at 30 December 2011 (last trade day in the year ended 31 December 2011), the net asset value ("NAV") per unit of the Fund was HK\$24.6699, the total number of issued units was 375,000 and the total asset under management ("AUM") was HK\$9,251,205.68. From 31 December 2010 to 30 December 2011, the NAV per unit of the Fund dropped 39.89%, while the SZSE 100 Price Index dropped 30.99%. Since the total units of the Fund reduced substantially in early 2011 and the expenses for maintaining the Fund's normal operation increased significantly, the NAV of the Fund underperformed the underlying index over the same period. The tracking error between the yield of the Fund and that of the underlying index was 0.27% and the accumulated tracking difference was -8.90%. The correlation between the yield of the Fund and that of the underlying index was 98.25%.

The performance of the Fund is summarised as follows:

Return ¹	1-Month	3-Month	6-Month	1-Year (2011)	Since listing (up to 31 December 2010)	Since listing (up to 30 December 2011)
SZSE100 Price Index	-9.58%	-13.66%	-27.52%	-30.99%	6.41%	-26.57%
The Fund's NAV return ²	-11.74%	-17.65%	-31.49%	-39.89%	7.82%	-35.18%
The Fund's market return ³	-14.66%	-17.86%	-38.55%	-45.42%	15.84%	-36.78%

¹ Past performance figures are not indicative of the future performance of the Fund. The return is based on NAV of the Fund for valuation purposes.

² Units in the Fund are issued and redeemed at NAV and therefore the returns of the Fund have been calculated base on its NAV.

³ Market returns are calculated using historical market closing prices.

INVESTMENT MANAGER'S REPORT

Index activities

Since the listing of the Fund on the Hong Kong Stock Exchange on 29 January 2010, the SZSE 100 Index has been reviewed every six months. Details of the changes are as follows:

Deletion		Addition	
Stock Code	Stock Name	Stock Code	Stock Name
000511	Shenyang Ingenious Development Co., Ltd.	000559	Wanxiang Qianchao Co., Ltd.
000717	SGIS Songshan Co, Ltd.	000762	Tibet Mineral Development Co., Ltd.
000807	Yunnan Aluminium Co., Ltd.	002056	Hengdian Group DMEGC Magnetics Co., Ltd.
000822	Shandong Haihua Co., Ltd.	002106	Shenzhen Laibao Hi-Tech Co., Ltd.
000932	Hunan Valin Steel Co., Ltd.	002122	Zhejiang Tianma Bearing Co., Ltd.
000066	China Great Wall Computer Shenzhen Co., Ltd.	000540	Zhongtian Urban Development Group Company Limited
000301	Jiangsu Wujiang China Eastern Silk Market Co., Ltd.	000581	Weifu High-Technology Group Co., Ltd.
000488	Shandong Chenming Paper Holdings Limited	000629	Pangang Group Steel Vanadium & Titanium Co., Ltd.
000597	Northeast Pharmaceutical Group Co., Ltd.	000776	Yanbian Highway Construction Shares Co., Ltd.
000667	Milord Real Estate Development Group Co., Ltd.	000780	Inner Mongolia Pingzhuang Energy Co., Ltd.
000900	Xiandai Investment Co., Ltd.	002081	Suzhou Gold Mantis Construction Decoration Co., Ltd.
000996	China CIFCO Investment Co., Ltd.	002146	RiseSun Real Estate Development Co., Ltd.
002078	Shan Dong Sun Paper Industry Joint Stock Co., Ltd.	002304	Jiangsu Yanghe Brewery Joint-Stock Co., Ltd.

Market review

Given the impact of internal and external factors including macroeconomic controls, capital outflow and the European debt crisis, the stock market in 2011 was faced with a rare situation where both stock and bond prices fell. In 2011, the A-shares market in the People's Republic of China ("the PRC") became volatile after climbing to a peak. On 18 April, the SSE Composite Index reached a year-high of 3067.46 points, followed by a continuous downtrend and then fell to a year-low of 2134.02 points on 28 December. With an annual stock amplitude of 43.740%, the index hit a new low since March 2009. For the whole year, the SSE Composite Index, the representative index of the PRC stock market, decreased by 21.675% and was the worst performer among global major markets in 2011. This is in great contrast to the rapidly growing PRC economy which has contributed tremendously to the recovery of the global economy. The same happened to the CSI 300 Index and SZSE Composite Index, another two well-known indexes usually adopted for measuring the performance of the PRC A-shares market, which declined by 25.015% and 32.863% respectively. All sectors in the A-shares market took a nosedive in turn, except for the media sector and food and beverage sector stocks that recorded a smaller decrease, compared with other sectors that suffered a price drop of more than 20%, while small- and mid-cap stocks recorded a greater drop than that of blue-chip stocks. As a result, the SSE 50 Index performed slightly better with a decrease of 18.194%, while the SZSE SME Price Index and CHINEXT Price Index recorded a drop of 37.094% and 35.877% respectively, underperforming other indices in the market. The SZSE 100 Price Index, mainly comprising small- and mid-cap stocks, also declined by 30.990%.

For and on behalf of the Manager

China International Capital Corporation Hong Kong Asset Management Limited

27 April 2012

TRUSTEE’S REPORT

CICC-SZSE 100 Index Tracker* (“the Fund”), a Sub-fund of CICC Index Trust*

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 18 December 2009, for the year ended 31 December 2011.

For and on behalf of the Trustee

HSBC Institutional Trust Services (Asia) Limited

27 April 2012

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CICC-SZSE 100 INDEX TRACKER*

Report on the financial statements

We have audited the financial statements of CICC-SZSE 100 Index Tracker* ("the Fund") set out on page 5 to 20, which comprise the statement of financial position as at 31 December 2011, the statement of comprehensive income, the statement of changes in equity and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's and Trustee's responsibilities for the financial statements

The Manager and the Trustee are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In addition, the Manager and the Trustee also have responsibility to ensure that the financial statements comply with the relevant disclosure provisions of the Trust Deed and the relevant disclosure requirements set out in Appendix E to the Hong Kong Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission ("the Code").

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager and the Trustee, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 31 December 2011 and of its transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on disclosure requirements under the Code

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure requirements set out in the Code.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 April 2012

STATEMENT OF FINANCIAL POSITION

as at 31 December 2011
(Expressed in Hong Kong Dollars)

	Note	2011	2010
Assets			
Investments at fair value through profit or loss	4	\$ 9,974,324	\$ 171,484,983
Cash and cash equivalents	5(c)	1,100,131	4,239,789
Total assets		<u>\$ 11,074,455</u>	<u>\$ 175,724,772</u>
Liabilities			
Current taxation	3(c)	\$ 1,265,219	\$ —
Deferred tax liabilities	3(b)	9,495	2,986,397
Accrued expenses and other payables	5(a), (b) & 6	562,473	1,313,808
Total liabilities		<u>\$ 1,837,187</u>	<u>\$ 4,300,205</u>
Net assets attributable to unitholders	9	<u>\$ 9,237,268</u>	<u>\$ 171,424,567</u>
Total equity		<u>\$ 9,237,268</u>	<u>\$ 171,424,567</u>
Number of units in issue	8	<u>375,000</u>	<u>4,250,000</u>
Net asset value per unit		<u>\$ 24.6327</u>	<u>\$ 40.3352</u>

Approved and authorised for issue by the Trustee and the Manager on 27 April 2012

The notes on pages 9 to 20 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

(Expressed in Hong Kong Dollars)

		Year ended 31 December 2011	Period from 26 January 2010 (date of inception) to 31 December 2010
	Note		
Dividend income		\$ 138,477	\$ 1,370,926
Net (loss)/gain on investments at fair value through profit or loss		(1,277,598)	12,553,096
Net foreign exchange loss		(3,741)	(3,517)
Net investment (loss)/gain		\$ (1,142,862)	\$ 13,920,505
Management fees	5(a)	\$ 315,957	\$ 292,244
Trustee's fees	5(b)	840,000	783,548
Maintenance and servicing fees	6	771,882	3,365,637
Transaction costs		286,475	219,393
Auditor's remuneration		189,600	250,000
Legal fee		151,818	—
Other operating expenses		100,450	165,351
Operating expenses		\$ 2,656,182	\$ 5,076,173
(Loss)/profit before taxation		\$ (3,799,044)	\$ 8,844,332
Taxation credited/(charged)	3(a)	481,256	(3,180,390)
(Loss)/profit and total comprehensive income for the year/period		\$ (3,317,788)	\$ 5,663,942

The notes on pages 9 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

(Expressed in Hong Kong Dollars)

	Share capital	Retained earnings	Total
As at 26 January 2010	\$ —	\$ —	\$ —
Subscription of units	165,760,625	—	165,760,625
Profit for the period	—	5,663,942	5,663,942
	<hr/>	<hr/>	<hr/>
As at 31 December 2010	<u>\$ 165,760,625</u>	<u>\$ 5,663,942</u>	<u>\$ 171,424,567</u>
As at 1 January 2011	\$ 165,760,625	\$ 5,663,942	\$ 171,424,567
Redemption of units	(168,795,886)	—	(168,795,886)
Subscription of units	9,926,375	—	9,926,375
Loss for the year	—	(3,317,788)	(3,317,788)
	<hr/>	<hr/>	<hr/>
As at 31 December 2011	<u>\$ 6,891,114</u>	<u>\$ 2,346,154</u>	<u>\$ 9,237,268</u>

The notes on pages 9 to 20 form part of these financial statements.

CASH FLOW STATEMENT

for the year ended 31 December 2011

(Expressed in Hong Kong Dollars)

	Year ended 31 December 2011	Period from 26 January 2010 (date of inception) to 31 December 2010
Operating activities		
Payment on purchase of investments	\$ (4,664,594)	\$ (8,632,424)
Proceeds from sale of investments, net of withholding tax	4,919,333	5,481,102
Dividend income received, net of withholding tax	121,659	1,178,667
Maintenance and servicing fees paid	(1,310,690)	(2,717,212)
Management fee paid	(600,057)	–
Trustee's fees paid	(840,000)	(713,548)
Transaction costs paid	(293,715)	(210,793)
Other operating expenses paid	(366,794)	(126,064)
	<hr/>	<hr/>
Net cash used in operating activities	\$ (3,034,858)	\$ (5,740,272)
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Financing activities		
Payment on redemption of units	\$ (679,536)	\$ –
Proceeds from issue of units	574,736	9,980,061
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	\$ (104,800)	\$ 9,980,061
	<hr style="border-top: 1px dashed;"/>	<hr style="border-top: 1px dashed;"/>
Net (decrease)/increase in cash and cash equivalents	\$ (3,139,658)	\$ 4,239,789
	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the year/period	4,239,789	–
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year/period	\$ 1,100,131	\$ 4,239,789
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Major non-cash transactions

During the year, unitholders redeemed units from the Fund by obtaining a basket of the constituent stocks of SZSE 100 Index with a market value of \$168,116,350 (2010: \$Nil).

During the year, unitholders subscribed for the Fund by tendering a basket of the constituent stocks of SZSE 100 Index with a market value of \$9,351,639 (2010: \$155,780,564).

The notes on pages 9 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

1 BACKGROUND

CICC-SZSE 100 Index Tracker (“the Fund”) is a sub-fund of CICC Index Trust (“the Trust”). It is an open-ended unit trust governed by its Trust Deed dated 18 December 2009 (“the Trust Deed”), entered into between China International Capital Corporation Hong Kong Asset Management Limited (“the Manager”) and HSBC Institutional Trust Services (Asia) Limited (“the Trustee”). The Fund is authorised by the Hong Kong Securities and Futures Commission (“the SFC”) under Section 104(1) of the Hong Kong Securities and Futures Ordinance (“HKSFO”). The Fund is also listed on The Stock Exchange of Hong Kong Limited.

The Fund is an index-tracking collective investment scheme which seeks to track the performance of SZSE 100 Index, which is a diversified index consisting of 100 constituent index shares compiled and managed by the Shenzhen Securities Information Company Limited. The Fund aims to achieve its investment objective by investing in financial derivatives which track the performance of SZSE 100 Index by adopting “synthetic representative” strategy or “synthetic replication” strategy.

Under the prevailing regulations in the People’s Republic of China (“PRC”), foreign investors can invest in the PRC A-shares market through institutions that have obtained qualified foreign institutional investor (“QFII”) status. The Fund itself is not a QFII, but may invest in A-share related participatory notes issued by financial institutions.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of the Fund have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), issued by the International Accounting Standards Board (“IASB”), the relevant disclosure provisions of the Trust Deed, and the relevant disclosure requirements of the Hong Kong Code on Unit Trusts and Mutual Funds issued by the SFC. A summary of the significant accounting policies adopted by the Fund is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Fund. There have been no significant changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Fund for the current accounting period in these financial statements.

The Fund has not applied any new standards or Interpretation that is not yet effective for the current accounting period (see note 12).

(b) Basis of preparation of the financial statements

The financial statements are presented in Hong Kong dollars as the subscription and redemption are conducted in Hong Kong dollars. It is rounded to the nearest dollar.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) *Financial instruments*

(i) **Classification**

Investments at fair value through profit or loss are financial assets or financial liabilities which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Financial assets and financial liabilities under this category are carried at fair value. Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

Financial liabilities that are not at fair value through profit or loss include accrued expenses and other payables.

(ii) **Recognition**

The Fund recognises financial assets and financial liabilities on the date they become a party to the contractual provisions of the instruments.

Purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed its obligations under the contract or the contract is a derivative contract not exempted from the scope of International Accounting Standards 39, *Financial instrument: Recognition and measurement*.

(iii) **Measurement**

Financial instruments are measured initially at fair value (transaction price). Transaction costs of financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

Subsequent to initial recognition, all investments are measured at fair value with changes in their fair value recognised in profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

(iv) **Fair value measurement principles**

The fair value of the investments is based on their quoted market prices at the date of statement of financial position. Financial assets are priced at current bid prices while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

(v) **Derecognition**

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

(v) Derecognition (continued)

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial asset, the difference between the carrying value of the asset and the consideration received is recognised in profit or loss.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(e) Revenue and expense recognition

Dividend income is recognised when the share price of the underlying securities go ex-dividend. Dividend is presented gross of any non-recoverable withholding taxes, which are disclosed separately in profit or loss.

All expenses, including investment management and custodian fees, are recognised in the statement of comprehensive income on an accruals basis.

(f) Translation of foreign currency

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the date of statement of financial position. Exchange gains and losses are recognised in profit or loss.

(g) Related parties

(1) A person, or a close member of that person's family, is related to the Fund if that person:

- (i) has control or joint control over the Fund;
- (ii) has significant influence over the Fund; or
- (iii) is a member of the key management personnel of the Fund or the Fund's parent.

(2) An entity is related to the Fund if any of the following conditions applies:

- (i) The entity and the Fund are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is controlled or jointly controlled by a person identified in (1).
- (vi) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Units in issue

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Fund has only one class of redeemable units in issue and they are the most subordinate class of financial instrument in the Fund. The redeemable units provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date and also in the event of the Fund's liquidation.

A puttable financial instrument that includes a contractual obligation for the Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Fund's net assets in the event of Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Fund over the life of the instrument.

The Fund's units in issue meet these conditions and are classified as equity.

(i) Taxation

Taxation for the year comprises current tax and movements in deferred tax assets and liabilities.

Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the date of statement of financial position. Current tax also includes non-recoverable withholding taxes on investment income and capital gains.

Deferred tax liabilities arise from taxable temporary differences, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amounts of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the date of statement of financial position. Deferred tax liabilities are not discounted.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

3 TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Fund is exempted from taxation under section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

Under the current general provisions of the PRC Corporate Income Tax Law and published tax circulars, the Fund would be subject to PRC withholding tax at the rate of 10% in respect of its PRC sourced income earned, including capital gains realised on the sale of PRC listed companies and dividend income derived from PRC listed companies.

On the basis of the available information, the Manager has determined that it is appropriate to provide for PRC taxation at the withholding tax rate of 10% on realised gains and dividend income from A-share related participatory notes, and deferred tax arising from unrealised gains on A-share related participatory notes at the end of the year.

(a) Taxation in the statement of comprehensive income represents:

	Year ended 31 December 2011	Period from 26 January 2010 (date of inception) to 31 December 2010
Current tax – overseas		
PRC withholding tax charged	\$ 2,495,646	\$ 193,993
Deferred tax – overseas		
PRC withholding tax (credited)/charged	(2,976,902)	2,986,397
Taxation (credited)/charged	<u>\$ (481,256)</u>	<u>\$ 3,180,390</u>

(b) Deferred tax liabilities in the statement of financial position represent:

	2011	2010
Deferred tax liabilities arising from PRC withholding tax on unrealised gain on investments:		
Balance at the beginning of the year/period	\$ 2,986,397	\$ –
(Credited)/charged to profit or loss	(2,976,902)	2,986,397
Balance at the end of the year/period	<u>\$ 9,495</u>	<u>\$ 2,986,397</u>

(c) Current taxation in the statement of financial position represent:

	2011	2010
Current taxation arising from PRC withholding tax:		
Balance at the beginning of the year/period	\$ –	\$ –
Charged to profit or loss	2,495,646	193,993
PRC withholding tax withheld by participatory note issuers:		
– Capital gain	(1,213,609)	–
Payment of PRC withholding tax for dividend income	(16,818)	(193,993)
Balance at the end of the year/period	<u>\$ 1,265,219</u>	<u>\$ –</u>

4 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011	2010
A-share related participatory notes	<u>\$ 9,974,324</u>	<u>\$ 171,484,983</u>

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

5 RELATED PARTY TRANSACTIONS

The following is a summary of transactions with related parties for the year. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) *Management fees*

The fees payable to the Manager is calculated at the rate of 0.99% per annum of the net asset value of the Fund and is accrued daily and calculated as at each Dealing Day and payable monthly in arrears. The Manager decided to waive the management fees payable by the Fund for the period from 26 January 2010 (date of inception) to 31 October 2010 in the amount of approximately \$1.12 million. No waiver of management fees was made in 2011. The management fees charged by the Manager in respect of the year and payable at the end of the year amounted to \$315,957 and \$8,144 (2010: \$292,244 and \$292,244) respectively.

(b) *Trustee's fees*

The fees payable to the Trustee is calculated at the rate of 0.14% per annum for the first \$800 million of the net asset value, 0.12% per annum for the next \$800 million of the net asset value, and 0.1% per annum for the remaining balance of the net asset value. The trustee fees are currently subject to a monthly minimum of \$70,000. The trustee fees are accrued daily and calculated as at each Dealing Day and payable in arrears on a monthly basis. The trustee fees charged by the Trustee in respect of the year and payable at the end of the year amounted to \$840,000 and \$70,000 (2010: \$783,548 and \$70,000) respectively.

(c) *Bank balances*

Bank balances are maintained with The Hongkong and Shanghai Banking Corporation Limited ("HSBC"). The bank balances held as at 31 December 2011 amounted to \$1,100,131 (2010: \$4,239,789).

6 MAINTENANCE AND SERVICING FEES

	Year ended 31 December 2011	Period from 26 January 2010 (date of inception) to 31 December 2010
Maintenance fees	\$ 310,974	\$ 1,425,343
Servicing fees	460,908	1,940,394
	<u>\$ 771,882</u>	<u>\$ 3,365,637</u>

Maintenance fees are payable to participatory note issuers, calculated at 1.0% to 2.0% per annum of the daily mark-to-market value of all participatory notes held by the Fund. The fees are accrued daily and payable to participatory note issuers quarterly.

Servicing fees are payable to participatory note issuers for managing the participatory notes so issued. The fees are calculated at the range from 1.5% to 3-month LIBOR plus 3.5% per annum of the daily market value of the loaned securities lent to the participatory note issuers. The fees are accrued daily and payable to participatory note issuers monthly.

7 SOFT DOLLAR COMMISSION

As regards to the Fund, the Manager has not entered into any soft dollar commission arrangements during the year/period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

8 UNITS IN ISSUE

	Year ended 31 December 2011 Units	Period from 26 January 2010 (date of inception) to 31 December 2010 Units
Balance at the beginning of the year/period	4,250,000	–
Units issued during the year/period	250,000	4,250,000
Units redeemed during the year/period	(4,125,000)	–
	<hr/>	<hr/>
Balance at the end of the year/period	375,000	4,250,000
	<hr/>	<hr/>

9 RECONCILIATION OF NET ASSET VALUES

The net assets attributable to unitholders as reported in the financial statements are different from the adjusted total net assets for valuation purposes at the date of financial position. The reconciliation between the net assets attributable to unitholders as reported in the financial statements and the adjusted total net assets for valuation purposes is as follows:

	2011	2010
Net assets attributable to unitholders as reported in the financial statements	\$ 9,237,268	\$ 171,424,567
Adjustment for different principles adopted by the Fund in arising at the adjusted total net assets for valuation purposes:		
– Adjustment made for deferred tax liabilities	9,495	2,986,397
	<hr/>	<hr/>
Adjusted total net assets for valuation purposes	\$ 9,246,763	\$ 174,410,964
	<hr/>	<hr/>
Total number of units in issue	375,000	4,250,000
	<hr/>	<hr/>
Net asset value per unit for valuation purposes	\$ 24.6580	\$ 41.0379
	<hr/>	<hr/>

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The Fund invests in PRC A-shares through the purchase of participatory notes. The risk exposures inherent in the Fund as at 31 December 2011 are summarised below. Details of the investments held by the Fund as at 31 December 2011 are shown in the investment portfolio.

The Fund's investing activities expose it to various types of risks that are associated with the financial instruments and markets in which it invests. The Manager has set out below the most important types of financial risks inherent in each type of financial instruments. The list of associated risks only sets out some of the risks but does not purport to constitute an exhaustive list of all the risks inherent in an investment in the Fund.

During the year, the Manager invested in financial instruments which the Manager considered are commensurate with the risk level of the Fund in accordance with its investment objective.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

The nature and extent of the financial instruments outstanding at the date of the statement of financial position and the risk management policies employed by the Fund are discussed below.

(a) Market risk

(i) Market price risk

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

The Fund is designated to track the performance of SZSE 100 Index, and therefore the exposures to market risk in the Fund will be substantially the same as the tracked index. The Manager manages the Fund's exposures to market risk by ensuring that the key characteristics of the portfolio such as security weight and industry weight are closely aligned to the characteristics of the tracked index.

Price sensitivity

The impact of a 5% increase or decrease in SZSE 100 Index on the value of the Fund's investments at 31 December 2011, with all other variables held constant, is shown below.

	2011		2010	
	Change in index	Effect on net assets attributable to unitholders	Change in index	Effect on net assets attributable to unitholders
SZSE 100 Index	+5%	\$ 448,845	+5%	\$ 7,716,824
	-5%	(498,716)	-5%	(8,574,249)

(ii) Currency risk

The Fund may invest in financial investments and enter into transactions denominated in currencies other than its functional currency. Consequently, the Fund is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Fund's assets or liabilities denominated in currencies other than the Hong Kong dollars ("HKD").

The fluctuations in the rate of exchange between the currency in which the asset or liability is denominated and the functional currency could result in an appreciation or depreciation in the fair value of that asset or liability. The Manager may attempt to mitigate this risk by using financial derivative instruments.

In accordance with the Fund's policy, the Manager monitors the Fund's currency exposure on an ongoing basis.

At the date of the statement of financial position, the Fund had the following exposure:

	Assets	Liabilities	Net exposures
31 December 2011			
United States dollar	\$ 9,974,324	\$ (1,360)	\$ 9,972,964
31 December 2010			
United States dollar	\$ 171,484,983	\$ (51,405)	\$ 171,433,578

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

Currency sensitivity

The Fund's investments in participatory notes are denominated in United States dollars ("USD"), while the underlying investments of these participatory notes are denominated in Chinese Renminbi. The impact of a 5% appreciation or depreciation in foreign currency on the value of the Fund's investments at 31 December 2011, with all other variables held constant, is shown below.

		2011		2010	
	Appreciation/ (depreciation) in foreign currency	Effect on net assets attributable to unitholders		Appreciation/ (depreciation) in foreign currency	Effect on net assets attributable to unitholders
Chinese Renminbi	+5%	\$ 498,716		+5%	\$ 8,574,249
	-5%	(498,716)		-5%	(8,574,249)

As the HKD is pegged to the USD, the impact on changes in exchange rate would be minimal. Therefore, no sensitivity analysis has been prepared.

(iii) 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 flows.

As at 31 December 2011, the Fund had no interest bearing assets and liabilities. The Manager considers that the impact of interest rate risk would be minimal. Therefore, no sensitivity analysis has been prepared.

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund resulting in a financial loss to the Fund. The Fund's exposure to credit risk is monitored by the Manager on an ongoing basis. At 31 December 2011, all the Fund's financial assets were exposed to credit risk.

The Fund invests in A-share related participatory notes. In the event of liquidation or default of a participatory note issuer and that a replacement cannot be appointed, dealing of the units of the Fund may be suspended and the Fund may ultimately be terminated.

As part of its risk management process, the Manager closely monitors the credit risk of the Fund. In the event of any substantial downgrading of credit rating or other material adverse factors concerning the participatory note issuers, the Manager will take appropriate actions such as seeking additional collateral, additional participatory notes issuers and/or dispose the relevant participatory notes.

The Manager will also from time to time implement measures including, but not limited to, obtaining collateral or seeking the provision of other credit support from issuers (for example, by way of a securities borrowing and lending arrangement, or putting a charge on assets or appointing additional issuers) to mitigate the credit risk.

Starting from 31 October 2011, in order to mitigate the potential counterparty risk in relation to the participatory note issuers, the Manager has entered into collateral or credit support arrangement with participatory note issuers for the provision of collateral such that:

- collateral held by the Fund must represent at least 100% of the Fund's gross total counterparty risk exposure and be maintained, marked to market on a daily basis with a view to ensuring that there is no uncollateralised counterparty risk exposure; and

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS (CONTINUED)

(b) Credit risk (continued)

- where collateral taken is in the nature of equity securities, such collateral shall be subject to an additional requirement such that the market value of such equity collateral represents at least 120% of the related gross counterparty risk exposure.

All of the assets of the Fund are held by HSBC and the participatory note issuers. Bankruptcy or insolvency of HSBC or the participatory note issuers may cause the Fund's rights with respect to the assets to be delayed or limited. The counterparties have Standard and Poor's credit ratings of A or above and the Manager monitors their ratings on an ongoing basis.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the date of the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Fund.

The Fund's policy to manage liquidity is to have sufficient liquidity to meet its liability without incurring undue losses or risking damage to the Fund's reputation.

The Fund's majority of financial assets are the A-share related participatory notes which are considered to be readily realisable as they can be sold back to the issuers. As a result, the Fund is able to liquidate quickly some of its investments in order to meet its liquidity requirements.

The Fund's prospectus provides for the subscription and redemption of units and it is therefore exposed to the liquidity risk of meeting unitholder redemptions.

All financial liabilities are repayable on demand or have contractual maturities of less than one year. There were no significant exposures to liquidity risk for the Fund at the end of the reporting period.

(d) Capital management

At 31 December 2011, the Fund had a capital of \$9,237,268 (2010: \$171,424,567) classified as equity.

The Fund's objective in managing the capital is to ensure a stable and strong base to maximise returns to all investors. The Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies stated in the Trust Deed.

There were no changes in the policies and procedures during the year with respect to the Fund's approach to its capital management.

The Fund does not have any internally and externally imposed capital requirement and therefore the Fund is not subject to significant capital risk.

11 FAIR VALUE INFORMATION

The Fund's financial instruments are measured at fair value on the date of statement of financial position. Fair value estimates are made at a specified point in time, based on market conditions and information about the financial instruments. Usually, fair values can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including dividend and other receivables, taxation, amounts payable on purchase of investments, accrued expenses and other payables, the carrying amounts approximate fair values due to the immediate or short-term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

11 FAIR VALUE INFORMATION (CONTINUED)

Valuation of financial instruments

The Fund's accounting policy on fair value measurements is detailed in significant accounting policy in note 2(c)(iv).

The Fund measures fair values using the three levels of fair value hierarchy defined in IFRS 7, *Financial instruments: Disclosures*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant unobservable inputs.

All investments held by the Fund are A-share related participatory notes. The fair values of A-shares are based on quoted market price in active markets.

The following analyses financial instruments measured at fair value at 31 December 2011 by the level in the fair value hierarchy into which the fair value measurement is categorised.

2011				
	Level 1	Level 2	Level 3	Total
Assets				
Investments at fair value through profit or loss	\$ –	\$ 9,974,324	\$ –	\$ 9,974,324
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2010				
	Level 1	Level 2	Level 3	Total
Assets				
Investments at fair value through profit or loss	\$ –	\$171,484,983	\$ –	\$171,484,983
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There were no transfers of financial instruments between fair value hierarchy levels during the year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong Dollars)

12 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2011

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and five new standards which are not yet effective for the year ended 31 December 2011 and which have not been adopted in these financial statements. These include the following which may be relevant to the Fund.

	Effective for accounting periods beginning on or after
Amendments to IFRS 7, <i>Financial instruments: Disclosures – Transfers of financial assets</i>	1 July 2011
Amendments to IAS 12, <i>Income taxes – Deferred tax: Recovery of underlying assets</i>	1 January 2012
Amendments to IAS 1, <i>Presentation of financial statements – Presentation of items of other comprehensive income</i>	1 July 2012
IFRS 9, <i>Financial instruments</i>	1 January 2015
IFRS 13, <i>Fair value measurement</i>	1 January 2013

The Fund is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Fund's results of operations and financial position.

INVESTMENT PORTFOLIO (UNAUDITED)

as at 31 December 2011

	Holdings	Participatory notes maturity Date	Market value HK\$	% of total net assets attributable to unitholders %
INVESTMENTS (107.98%)				
PARTICIPATORY NOTES (107.98%)				
CHINA (107.98%)				
ISSUED BY ROYAL BANK OF SCOTLAND PLC ("RBS PLC") WITH BELOW UNDERLYING LISTED EQUITIES (107.98%)				
ADVANCED TECHNOLOGY & MATERIALS CO., LTD.	4,500	29.06.2012	91,629	0.99
ANGANG NEW STEEL CO., LTD.	11,700	29.06.2012	65,470	0.71
ANHUI BBKA BIOCHEMICAL CO., LTD.	6,900	29.06.2012	51,480	0.56
BANK OF NINGBO CO., LTD.	9,600	29.06.2012	108,183	1.17
BEIJING NEW BUILDING MATERIALS PUBLIC CO., LTD.	2,400	29.06.2012	32,268	0.35
BEIJING YANJING BREWERY CO., LTD.	4,500	29.06.2012	74,493	0.81
CHANGJIANG SECURITIES CO., LTD.	13,387	29.06.2012	117,566	1.27
CHANGSHA ZOOMLION HEAVY INDUSTRY SCIENCE AND TECHNOLOGY DEVELOPMENT CO., LTD.	24,570	29.06.2012	232,963	2.52
CHENZHOU MINING GROUP CO., LTD.	3,000	29.06.2012	74,143	0.80
CHINA BAOAN GROUP CO., LTD.	8,100	29.06.2012	108,277	1.17
CHINA CIFCO INVESTMENT CO., LTD.	1,500	29.06.2012	24,015	0.26
CHINA GREAT WALL COMPUTER SHENZHEN CO., LTD.	5,100	17.06.2013	31,313	0.34
CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.	7,200	29.06.2012	113,593	1.23
CHINA MERCHANTS PROPERTY DEVELOPMENT CO., LTD.	6,300	29.06.2012	139,543	1.51
CHINA RESOURCES SANJIU MEDICAL & PHARMACEUTICAL CO., LTD.	3,300	29.06.2012	70,273	0.76
CHINA VANKE CO., LTD.	72,600	29.06.2012	665,794	7.21
CHONGQING CHANGAN AUTOMOBILE CO., LTD.	14,040	29.06.2012	65,470	0.71
CITIC GUOAN INFORMATION INDUSTRY CO., LTD.	8,100	29.06.2012	66,729	0.72
COFCO PROPERTY GROUP CO., LTD.	8,100	29.06.2012	37,771	0.41
CSG HOLDING CO LTD	7,500	29.06.2012	83,353	0.90
DAILIAN ZHANGZIDAO FISHERY GROUP CO., LTD	1,800	17.06.2013	54,418	0.59
FAW CAR CO., LTD.	6,900	29.06.2012	75,076	0.81
FINANCIAL STREET HOLDING CO., LTD.	20,100	29.06.2012	149,965	1.62
FOSHAN ELECTRICAL & LIGHTING CO., LTD.	4,500	29.06.2012	53,859	0.58
GONGDONG MIDEA HOLDINGS CO., LTD.	15,600	29.06.2012	235,206	2.55
GREE ELECTRIC APPLIANCES, INC. OF ZHUHAI CO., LTD.	17,400	29.06.2012	370,528	4.01
GUANGDONG BAOLIHUA NEW ENERGY STOCK CO., LTD.	10,500	29.06.2012	39,170	0.42
GUANGDONG ELECTRIC POWER DEVELOPMENT CO., LTD.	6,000	29.06.2012	39,170	0.42
GUANGXI LIUGONG MACHINERY CO., LTD.	5,400	29.06.2012	77,640	0.84
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL STOCK CO., LTD.	2,700	17.06.2013	40,289	0.44
GUOYUAN SECURITIES CO., LTD.	7,200	29.06.2012	75,542	0.82
HAN'S LASER TECHNOLOGY CO., LTD.	6,300	29.06.2012	50,921	0.55
HEBEI IRON & STEEL CO., LTD.	33,000	29.06.2012	115,411	1.25
HEBEI JINNIU ENERGY AND RESOURCES CO., LTD.	6,000	29.06.2012	124,504	1.35
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO., LTD.	2,700	29.06.2012	232,291	2.52
HENAN SHEN HUO COAL INDUSTRY & ELECTRICITY POWER CO., LTD.	7,680	29.06.2012	87,144	0.94

INVESTMENT PORTFOLIO (UNAUDITED)

as at 31 December 2011

	Holdings	Participatory notes maturity Date	Market value HK\$	% of total net assets attributable to unitholders %
INVESTMENTS (107.98%) (CONTINUED)				
PARTICIPATORY NOTES (107.98%) (CONTINUED)				
CHINA (107.98%) (CONTINUED)				
ISSUED BY RBS PLC WITH BELOW UNDERLYING LISTED EQUITIES (107.98%) (CONTINUED)				
HENGDIAN GROUP DMEGC MAGNETICS CO., LTD.	1,500	17.06.2013	29,261	0.32
HONG YUAN SECURITIES CO., LTD.	4,500	29.06.2012	59,454	0.64
HUALAN BIOLOGICAL ENGINEERING INC.	2,700	29.06.2012	83,096	0.90
HUAWEN MEDIA INVESTMENT CORP.	7,500	29.06.2012	51,294	0.56
HUBEI YIHUA CHEMICAL INDUSTRY CO., LTD.	4,200	29.06.2012	91,070	0.99
HUOLINHE OPENCUT COAL INDUSTRY CORP., LTD. OF INNERMONGOLIA	2,700	29.06.2012	44,486	0.48
JIANGLING MOTORS CO., LTD.	1,500	29.06.2012	36,838	0.40
JIANGSU WUJIANG CHINA EASTERN SILK MARKET CO., LTD.	6,900	29.06.2012	24,131	0.26
JIAOZUO WANFANG ALUMINUM MANUFACTURING CO., LTD.	2,700	29.06.2012	36,092	0.39
JILIN AODONG MEDICINE INDUSTRY GROUP CO., LTD	4,680	29.06.2012	117,482	1.27
LUZHOU LAOJIAO CO., LTD.	5,700	29.06.2012	261,366	2.83
MILORD REAL ESTATE DEVELOPMENT GROUP CO., LTD.	15,000	29.06.2012	39,636	0.43
NORTHEAST PHARMACEUTICAL GROUP CO., LTD.	1,500	29.06.2012	13,523	0.15
NORTHEAST SECURITIES CO., LTD.	1,800	29.06.2012	27,419	0.30
SEARAINBOW HOLDING CO., LTD	6,120	29.06.2012	46,136	0.50
SHANDONG CHENMING PAPER HOLDINGS CO., LTD.	7,200	29.06.2012	41,408	0.45
SHANDONG DONG-E E-JIAO CO., LTD.	4,500	29.06.2012	237,817	2.57
SHANDONG JINLING MINING CO., LTD.	2,100	29.06.2012	38,191	0.41
SHANDONG SUN PAPER INDUSTRY JOINT STOCK CO., LTD.	3,000	17.06.2013	29,844	0.32
SHANGHAI KEHUA BIO-ENGINEERING CO.,LTD.	3,300	29.06.2012	41,548	0.45
SHANGHAI SIEYUAN ELECTIC CO., LTD.	2,400	29.06.2012	36,558	0.40
SHANTUI CONSTRUCTION MACHINERY CO., LTD.	5,400	29.06.2012	59,594	0.65
SHANXI TAIGANG STAINLESS STEEL CO., LTD.	18,300	29.06.2012	83,912	0.91
SHANXI XISHAN COAL & ELECTRICITY POWER CO., LTD.	12,900	29.06.2012	231,592	2.51
SHENZHEN LAIBAO HI-TECH CO., LTD.	3,360	29.06.2012	69,200	0.75
SHENZHEN OVERSEAS CHINESE TOWN CO., LTD.	21,060	29.06.2012	184,952	2.00
SHENZHEN AGRICULTURAL PRODUCTS CO., LTD.	4,500	29.06.2012	61,553	0.67
SHENZHEN DEVELOPMENT BANK CO., LTD.	22,200	29.06.2012	426,159	4.61
SHENZHEN ENERGY INVESTMENT CO	6,480	29.06.2012	48,850	0.53
SHENZHEN KAIFA TECHNOLOGY CO., LTD.	5,100	29.06.2012	32,105	0.35
SHENZHEN ZHONGJIN LINGNAN NONFEMET CO., LTD.	11,310	29.06.2012	114,269	1.24
SICHUAN NEW HOPE AGRIBUSINESS CO., LTD.	3,600	29.06.2012	74,143	0.80
SUNING APPLIANCE CO., LTD.	36,300	29.06.2012	378,036	4.09
SUNING UNIVERSAL CO., LTD.	6,480	29.06.2012	41,800	0.45
TANGSHAN JIDONG CEMENT CO., LTD.	5,100	29.06.2012	104,639	1.13
TCL CORP.	42,600	29.06.2012	96,013	1.04
TELLING TELECOMMUNICATION HOLDING CO., LTD.	4,500	29.06.2012	33,574	0.36
TIANJIN FAW XIALI AUTOMOBILE CO., LTD.	3,300	29.06.2012	24,877	0.27
TIANJIN JINBIN DEVELOPMENT CO., LTD.	11,100	29.06.2012	31,919	0.35
TIBET MINERAL DEVELOPMENT CO., LTD.	1,800	17.06.2013	44,206	0.48
TONGLING NONFERROUS METALS GROUP CO., LTD.	5,100	29.06.2012	105,432	1.14
WANXIANG QIANCHAO CO., LTD.	7,020	17.06.2013	49,102	0.53

INVESTMENT PORTFOLIO (UNAUDITED)

as at 31 December 2011

	Holdings	Participatory notes maturity Date	Market value HK\$	% of total net assets attributable to unitholders %
INVESTMENTS (107.98%) (CONTINUED)				
PARTICIPATORY NOTES (107.98%) (CONTINUED)				
CHINA (107.98%) (CONTINUED)				
ISSUED BY RBS PLC WITH BELOW UNDERLYING LISTED EQUITIES (107.98%) (CONTINUED)				
WEICHAI POWER CO., LTD.	6,300	29.06.2012	243,832	2.64
WULIANGYE YIBIN CO., LTD.	15,000	29.06.2012	605,035	6.55
XCMG CONSTRUCTION MACHINERY CO., LTD.	6,600	29.06.2012	115,411	1.25
XI'AN AIRCRAFT INTERNATIONAL CORP.	9,600	29.06.2012	85,801	0.93
XIANDAI INVESTMENT CO., LTD.	2,400	29.06.2012	37,118	0.40
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO., LTD.	10,500	29.06.2012	100,373	1.09
XINJIANG ZHONGTAI CHEMICAL CO., LTD.	4,500	29.06.2012	41,618	0.45
XINXING DUCTILE IRON PIPES CO., LTD.	8,700	29.06.2012	68,291	0.74
XJ ELECTRIC CO., LTD.	2,400	29.06.2012	57,076	0.62
YANTAI CHANGYU PIONEER WINE CO., LTD.	900	29.06.2012	119,468	1.29
YUNNAN BAIYAO GROUP CO., LTD.	2,400	29.06.2012	156,493	1.69
YUNNAN COPPER INDUSTRY CO., LTD.	5,100	29.06.2012	101,072	1.09
YUNNAN TIN CO., LTD.	3,960	29.06.2012	86,789	0.94
ZHEJIANG NHU CO., LTD.	2,400	29.06.2012	58,009	0.63
ZHEJIANG TIANMA BEARING CO., LTD.	4,200	17.06.2013	33,621	0.36
ZTE CORP.	14,760	29.06.2012	306,280	3.32
Total participatory notes			9,974,324	107.98
Total investments			9,974,324	107.98
Other net liabilities			(737,056)	(7.98)
Total net assets			9,237,268	100.00
Total cost of investments			14,016,233	

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2011

	Holdings as at date of inception Units	Additions Units	Disposals Units	Holdings as at 31 December 2010 Units
Participatory notes	—	10,137,966	606,100	9,531,866
	=====	=====	=====	=====
	Holdings as at 31 December 2010 Units	Additions Units	Disposals Units	Holdings as at 31 December 2011 Units
Participatory notes	9,531,866	824,624	9,551,583	804,907
	=====	=====	=====	=====

HOLDINGS OF COLLATERAL (UNAUDITED)

as at 31 December 2011

Name of collateral	Collateral provider	Nature	Holdings	Last traded price as at 31 December 2011	Market value (HK\$)	NAV (%)
Aluminum Corp of China Ltd	RBS plc	Hong Kong listed equity	212,349	3.38	717,740	7.77
Bank of China Ltd	RBS plc	Hong Kong listed equity	276,470	2.86	790,704	8.56
Bank of Communications Ltd	RBS plc	Hong Kong listed equity	119,354	5.43	648,092	7.02
PetroChina Co Ltd	RBS plc	Hong Kong listed equity	82,902	9.67	801,662	8.68
Tencent Holdings Ltd	RBS plc	Hong Kong listed equity	4,748	156.1	741,163	8.02
AIA Group Ltd	RBS plc	Hong Kong listed equity	33,082	24.25	802,239	8.68
Bank of East Asia Ltd	RBS plc	Hong Kong listed equity	28,623	29.4	841,516	9.11
Belle International Holdings Ltd	RBS plc	Hong Kong listed equity	59,204	13.54	801,622	8.68
Cathay Pacific Airways Ltd	RBS plc	Hong Kong listed equity	56,657	13.32	754,671	8.17
China Resources Enterprise Ltd	RBS plc	Hong Kong listed equity	17,905	26.65	477,168	5.17
COSCO Pacific Ltd	RBS plc	Hong Kong listed equity	70,935	9.07	643,381	6.96
Esprit Holdings Ltd	RBS plc	Hong Kong listed equity	51,961	10.02	520,649	5.64
Hang Lung Properties Ltd	RBS plc	Hong Kong listed equity	34,929	22.1	771,931	8.36
Hengan International Group Co Ltd	RBS plc	Hong Kong listed equity	3,662	72.65	266,044	2.88
Li & Fung Ltd	RBS plc	Hong Kong listed equity	56,818	14.38	817,043	8.84
Power Assets Holdings Ltd	RBS plc	Hong Kong listed equity	13,786	57.45	792,006	8.57
Wharf Holdings Ltd	RBS plc	Hong Kong listed equity	21,999	35.1	772,165	8.36
					11,959,796	129.47
					11,959,796	129.47

HOLDINGS OF COLLATERAL (UNAUDITED)

as at 31 December 2010

Name of collateral	Collateral provider #	Nature	Holdings	Last traded price as at 31 December 2010	Market value (HK\$)	NAV (%)
Bank of Communications Ltd	RBS	Hong Kong listed equity	680,000	7.83	5,324,400	3.11%
Cathay Pacific Airways Ltd	RBS	Hong Kong listed equity	5,548	21.45	119,005	0.07%
China Railway Group	RBS	Hong Kong listed equity	159,953	5.61	897,336	0.52%
China Telecom Corp Ltd	RBS	Hong Kong listed equity	159,000	4.07	647,130	0.38%
China Life Insurance Co Ltd	RBS	Hong Kong listed equity	150,000	31.75	4,762,500	2.78%
CNOOC Ltd	RBS	Hong Kong listed equity	836,600	18.44	15,426,904	9.00%
Hutchison Whampoa Ltd	RBS	Hong Kong listed equity	178,703	80.00	14,296,240	8.34%
Industrial & Commercial Bank of China	RBS	Hong Kong listed equity	3,270,000	5.79	18,933,300	11.04%
PetroChina Co Ltd	RBS	Hong Kong listed equity	407,000	10.16	4,135,120	2.41%
Ping An Insurance Group Co	RBS	Hong Kong listed equity	15,363	86.90	1,335,045	0.78%
Wharf Holdings Ltd	RBS	Hong Kong listed equity	200,000	59.80	11,960,000	6.98%
Air China Ltd	UBS AG	Hong Kong listed equity	432,763	8.73	3,778,021	2.20%
BYD CO LTD	UBS AG	Hong Kong listed equity	84,510	40.85	3,452,234	2.01%
China Merchants Bank Co Ltd	UBS AG	Hong Kong listed equity	129,328	19.62	2,537,415	1.48%
China Minsheng Banking Corp Ltd	UBS AG	Hong Kong listed equity	652,229	6.65	4,337,323	2.53%
China Oilfield Services Ltd	UBS AG	Hong Kong listed equity	103,728	16.84	1,746,780	1.02%
China Pacific Insurance (GR) Co Ltd	UBS AG	Hong Kong listed equity	16,969	32.30	548,099	0.32%
China Shenhua Energy Co Ltd	UBS AG	Hong Kong listed equity	110,000	32.60	3,586,000	2.09%
China Shipping Development Co Ltd	UBS AG	Hong Kong listed equity	214,631	10.36	2,223,577	1.30%
China Longyuan Power Group Corp	UBS AG	Hong Kong listed equity	249,144	7.11	1,771,414	1.03%
CNOOC Ltd	UBS AG	Hong Kong listed equity	280,000	18.44	5,163,200	3.01%
Datang International Power Generation Co Ltd	UBS AG	Hong Kong listed equity	1,632,103	2.73	4,455,641	2.60%
Dongfeng Motor Group Co Ltd	UBS AG	Hong Kong listed equity	162,483	13.40	2,177,272	1.27%
Guangzhou Automobile Group Co Ltd	UBS AG	Hong Kong listed equity	36,733	10.72	393,778	0.23%
Guangzhou R&F Properties Co Ltd	UBS AG	Hong Kong listed equity	377,560	11.12	4,198,467	2.45%
Huaneng Power International Inc	UBS AG	Hong Kong listed equity	685,130	4.11	2,815,884	1.64%
Jiangxi Copper Co Ltd	UBS AG	Hong Kong listed equity	187,534	25.55	4,791,494	2.80%
PICC Property & Casualty Co Ltd	UBS AG	Hong Kong listed equity	122,685	11.26	1,381,433	0.81%
Sinopharm Medicine Holding Co. Ltd.	UBS AG	Hong Kong listed equity	174,120	27.10	4,718,652	2.75%
Tencent Holding Ltd	UBS AG	Hong Kong listed equity	18,067	168.9	3,051,516	1.78%
					134,965,180	78.73%

Collateral providers were as follows:

RBS: Royal Bank of Scotland N.V., London Branch.

UBS AG: UBS AG, acting through its London Branch.

PERFORMANCE RECORD (UNAUDITED)

(a) Net asset value

As at financial year ended

31 December 2011	\$ 9,237,268
31 December 2010	\$ 171,424,567

(b) Net asset value per unit

As at financial year ended

31 December 2011	\$ 24.6327
31 December 2010	\$ 40.3352

(c) Highest and lowest net asset value per unit

Financial year ended	Highest net asset value per unit	Lowest net asset value per unit
31 December 2011	\$ 41.7643	\$ 24.1119
31 December 2010 (since inception)	\$ 44.8900	\$ 29.3985

SZSE 100 INDEX CONSTITUENT STOCK DISCLOSURE (UNAUDITED)

There was no index constituent stock of the SZSE 100 Index that accounted for more than 10% of the weighting of the Index as at 31 December 2011 and 31 December 2010.

**PERFORMANCE OF CICC-SZSE 100 INDEX TRACKER* AND SZSE 100 INDEX
FOR THE YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**

Fund/Index	Performance in Hong Kong dollars (based on NAV for valuation purposes)	
	2011	2010 (since inception)
CICC-SZSE100 Index Tracker *	(39.91)%	7.82%
SZSE 100 Index	(30.99)%	6.41%

Performance is calculated in base currency with unit price to unit price.

Source: China International Capital Corporation Hong Kong Asset Management Limited.

Investors should note that investment involves risks and not all investment risks are predictable. Prices of fund units may go up as well as down and past performance information presented is not indicative of future performance. Investors should refer to the Fund's prospectus (including the full text of the risk factors stated therein) before making any investment decision.

ADMINISTRATION AND MANAGEMENT

Manager

China International Capital Corporation Hong Kong
Asset Management Limited
25th, 29th Floor, One International Finance Centre,
1 Harbour View Street, Central,
Hong Kong

Directors of the Manager

Mr. Yao Lei
Dr. Zhu Yong
(resigned on 1 March 2011)
Ms. Miu Hung Lucy
(appointed on 1 March 2011)
Ms. Yu Xiao Mei
(appointed on 28 April 2011)
Ms. Luo Liu Yi
(appointed on 1 August 2011)

Trustee and Registrar

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1 Queen's Road Central,
Hong Kong

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