

ChinaAMC ETF Series

ChinaAMC CES China A80 Index ETF

Annual Report

For the year ended 31 December 2015



华夏基金
ChinaAMC

ANNUAL REPORT

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

For the year ended 31 December 2015

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IMPORTANT:

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the Sub-Fund, please refer to the prospectus of the Sub-Fund which is available at our website: <http://etf.chinaamc.com.hk/HKen/A80>

Investors should not rely on the information contained in this report for their investment decisions.

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

MANAGEMENT AND ADMINISTRATION

Manager and RQFII Holder

China Asset Management (Hong Kong) Limited
37/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

Directors of the Manager

Mr. Yang Minghui
Mr. Zhang Xiaoling
Mr. Zhou Quan (resigned on 10 April 2015)
Mr. Gan Tian

Trustee

Cititrust Limited
50/F, Citibank Tower, Citibank Plaza
3 Garden Road
Central, Hong Kong

PRC Custodian

Citibank (China) Co., Limited
Citigroup Tower
No. 33, Hua Yuan Shi Qiao Road
Lu Jia Zui Finance and Trade Area, Shanghai
People's Republic of China

Auditors

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

Investment Adviser

China Asset Management Co., Ltd.
3/F Tower B, Tongtai Building
No. 33 Finance Street
Xicheng District, Beijing
People's Republic of China

Administrator and Custodian

Citibank, N.A.
50/F, Citibank Tower, Citibank Plaza
3 Garden Road
Central, Hong Kong

Registrar

Computershare Hong Kong Investor Services
Limited
46/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Service Agent

HK Conversion Agency Services Limited
2/F, Infinitus Plaza
199 Des Voeus Road
Central, Hong Kong

Legal Counsel to the Manager

Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Central, Hong Kong

ChinaAMC CES China A80 Index ETF
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MANAGEMENT AND ADMINISTRATION (continued)

Participating Dealers

ABN AMRO Clearing Hong Kong Limited
70/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

CIMB Securities Limited
Unit 7706-08, 77/F
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Credit Suisse Securities (Hong Kong) Limited
88/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Deutsche Securities Asia Limited
52/F, International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Goldman Sachs (Asia) Securities Limited
68/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation
Limited
18/F, HSBC Main Building
1 Queen's Road Central
Hong Kong

Merrill Lynch Far East Limited
15/F, Citibank Tower
3 Garden Road
Central, Hong Kong

Nomura International (Hong Kong) Limited
30/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

SG Securities (HK) Limited
38/F, Pacific Place 3
1 Queen's Road East
Admiralty, Hong Kong

UBS Securities Hong Kong Limited
42/F, One Exchange Square
Central, Hong Kong

Yuanta Securities (Hong Kong) Company Limited
23/F, Tower 1, Admiralty Centre
18 Harcourt Road
Hong Kong

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The ChinaAMC CES China A80 Index ETF (the “Sub-Fund”), a sub-fund of ChinaAMC ETF Series, an umbrella unit trust established under Hong Kong law by a trust deed dated 28 May 2012 as amended between China Asset Management (Hong Kong) Limited (the “Manager”) and Cititrust Limited (the “Trustee”). The Sub-Fund is a physical exchange traded fund investing directly in underlying A-Shares. Its RMB counter (stock code: 83180) and HKD counter (stock code: 03180) commenced trading on the Stock Exchange of Hong Kong Limited (the “SEHK”) on 26 August 2013. The Sub-Fund is an index-tracking fund that seeks to track the performance of the CES China A80 Index (the “Index”).

The Manager primarily uses a full replication strategy through investing directly in securities included in the Index with substantially the same weightings in which they are included in the Index, with the Renminbi Qualified Foreign Institutional Investor (“RQFII”) investment quota of RMB 50 million (as of 31 December 2015) granted to the Manager by the State Administration of Foreign Exchange (the “SAFE”). The Manager may also use a representative sampling strategy when it is not possible to acquire certain securities which are constituents of the Index due to restrictions or limited availability. This means that the Sub-Fund will invest directly in a representative sample of securities that collectively has an investment profile that aims to reflect the profile of the Index, through the RQFII investment quota granted to the Manager by the SAFE. The securities constituting the representative sample may or may not themselves be constituents of the Index.

Performance of the Sub-Fund

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index. There can be no assurance that the Sub-Fund will achieve its investment objective.

The performance of the Sub-Fund is in below (Total Returns in respective currency^{1, 2}):

	1–Month	3–Months	Since Launch
The Index	5.87%	14.83%	58.93% ³
RMB Counter of the Sub-Fund (NAV–to–NAV)	4.33%	18.38%	62.83% ³
RMB Counter of the Sub-Fund (Market–to–Market)	3.09%	18.31%	57.46% ⁴
HKD Counter of the Sub-Fund (NAV–to–NAV)	1.96%	14.18%	51.25% ³
HKD Counter of the Sub-Fund (Market–to–Market)	0.48%	14.42%	45.48% ⁴

¹ Source: Bloomberg, as of 31 December 2015. Performances of CES A80 Index and RMB Counter of the Sub-Fund are calculated in RMB while performances of HKD Counter of the Sub-Fund are calculated in HKD.

² Past performance figures shown are not indicative of the future performance of the Sub-Fund.

³ Calculated since 23 August 2013

⁴ Calculated since 26 August 2013

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

Activities of the Sub-Fund

According to Bloomberg, the average daily trading volume of the Sub-Fund was approximately 51,559 units from 1 January 2015 to 31 December 2015. As of 31 December 2015, there were 2,250,000 units outstanding.

Activities of the Index

There were two rebalances for the Index from 1 January 2015 to 31 December 2015. As of 31 December 2015, the Sub-Fund comprised of all 79 constituent stocks in the Index.

China Asset Management (Hong Kong) Limited
22 April 2016

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, China Asset Management (Hong Kong) Limited, the Manager of ChinaAMC CES China A80 Index ETF (the "Sub-Fund") has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 28 May 2012 as amended (the "Trust Deed"), for the year ended 31 December 2015.

Cititrust Limited
22 April 2016

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager of the ChinaAMC CES China A80 Index ETF (a Sub-Fund of ChinaAMC ETF Series) is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code") and the trust deed dated 28 May 2012 as amended (the "Trust Deed") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Fund will continue in operation unless it is inappropriate to assume this.

The Manager is also required to manage the Sub-Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

ChinaAMC ETF Series (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31 December 2015, the Trust has established with two Sub-Funds.

Trustee's responsibilities

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting year on the conduct of the Manager in the management of the Sub-Fund.

Independent Auditors' Report

To the unitholders of ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

We have audited the financial statements of ChinaAMC CES China A80 Index ETF (a sub-fund of ChinaAMC ETF Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 9 to 34, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year ended 31 December 2015, and a summary of significant accounting policies and other explanatory information.

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

The Trustee and the Manager of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 28 May 2012 as amended (the "Trust Deed") and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code") and for such internal control as the Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our 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 audits in accordance with International Standards on Auditing. 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 misstatements. We are also required to assess whether the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E of the SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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 auditors consider internal control relevant to the Sub-Fund's preparation of the financial statements that give a true and fair value 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee and the Manager, 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.

Independent Auditors' Report (continued)

To the unitholders of ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

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 2015, and of its financial performance and cash flows for the year ended 31 December 2015 in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

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 the disclosure requirements specified in Appendix E of the SFC Code.

Hong Kong
22 April 2016

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB	2014 RMB
ASSETS			
Financial assets at fair value through profit or loss	11	24,321,694	35,920,068
Other receivable		—	9,108
Cash and cash equivalents	13	<u>262,115</u>	<u>491,948</u>
TOTAL ASSETS		<u>24,583,809</u>	<u>36,421,124</u>
LIABILITIES			
Management fee payable	5	14,694	289,250
Custodian, fund administration and trustee fees payable	5	52,284	205,523
Withholding income tax provision	7	—	1,514,270
Amounts payable on redemption of units	8	—	9,381,200
Other payables and accruals		<u>501,875</u>	<u>342,195</u>
TOTAL LIABILITIES		<u>568,853</u>	<u>11,732,438</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	10	<u>24,014,956</u>	<u>24,688,686</u>
NUMBER OF UNITS IN ISSUE	10	<u>2,250,000</u>	<u>2,400,000</u>
NET ASSET VALUE PER UNIT	10	<u>10.6733</u>	<u>10.2870</u>

The accompanying notes are an integral part of these financial statements.

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	2015 RMB	2014 RMB
INCOME			
Dividend income		594,515	3,279,750
Interest income		4,119	45,007
		<u>598,634</u>	<u>3,324,757</u>
EXPENSES			
Management fees	5	(177,838)	(1,834,157)
Brokerage fees		(27,426)	(1,584,489)
Custodian, fund administration and trustee fees	5	(326,622)	(428,150)
Audit fee		(155,262)	(192,425)
Data licensing fee		(22,043)	(120,282)
Professional fee		(329,050)	(134,731)
Formation costs		—	(7,130)
Other operating expenses		(1,025,125)	(1,746,497)
		<u>(2,063,366)</u>	<u>(6,047,861)</u>
LOSS BEFORE INVESTMENT GAINS		(1,464,732)	(2,723,104)
INVESTMENT GAINS			
Net change in unrealised (losses)/ gains on financial assets at fair value through profit or loss		(5,666,487)	11,691,680
Net realised gains on financial assets at fair value through profit or loss		11,077,005	34,637,681
Net foreign exchange losses		<u>(35)</u>	<u>(180)</u>
NET INVESTMENTS GAINS		<u>5,410,483</u>	<u>46,329,181</u>
PROFIT BEFORE TAX		3,945,751	43,606,077
Withholding income tax credit/(expenses)	7	<u>1,416,841</u>	<u>(788,771)</u>
TOTAL COMPREHENSIVE INCOME		<u>5,362,592</u>	<u>42,817,306</u>

The accompanying notes are an integral part of these financial statements.

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2015

	RMB
At 1 January 2014	83,049,546
Issue of units	922,934,233
Redemption of units	(1,024,112,399)
Total comprehensive income	<u>42,817,306</u>
At 31 December 2014 and 1 January 2015	24,688,686
Redemption of units	(6,036,322)
Total comprehensive income	<u>5,362,592</u>
At 31 December 2015	<u>24,014,956</u>

The accompanying notes are an integral part of these financial statements.

ChinaAMC CES China A80 Index ETF
(a Sub-Fund of ChinaAMC ETF Series)

STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 RMB	2014 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,945,751	43,606,077
Adjustments for:			
Net change in unrealised (losses)/ gains on financial assets at fair value through profit or loss		5,666,487	(11,691,680)
Net realised gains on financial assets at fair value through profit or loss		(11,077,005)	(34,637,681)
Operating loss before changes in working capital		(1,464,767)	(2,723,284)
Purchase of financial assets at fair value through profit or loss		(8,757,516)	(942,921,980)
Proceeds from sale of financial assets at fair value through profit or loss		25,766,408	1,037,914,704
Decrease in other receivable		9,108	37,582
(Decrease)/increase in management fee payable		(274,556)	221,606
(Decrease)/increase in custodian, fund administration and trustee fees payable		(153,239)	120,715
Decrease in formation cost payable		—	(580,197)
Increase in other payables and accruals		159,680	190,711
Cash flows from operations		15,285,118	92,259,857
Tax paid		(97,429)	(346,410)
Net cash flows from operating activities		15,187,689	91,913,447
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		—	922,934,233
Payments on redemption of units		(15,417,522)	(1,031,467,104)
Net cash flows used in financing activities		(15,417,522)	(108,532,871)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(229,833)	(16,619,424)
Cash and cash equivalents at beginning of year		491,948	17,111,372
CASH AND CASH EQUIVALENTS AT END OF YEAR	13	<u>262,115</u>	<u>491,948</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash at bank	13	<u>262,115</u>	<u>491,948</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Dividend received		533,721	2,937,841
Interest received		3,708	40,506

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. THE TRUST

ChinaAMC ETF Series (the "Trust") is an umbrella unit trust governed by its trust deed dated 28 May 2012 as amended (the "Trust Deed") between China Asset Management (Hong Kong) Limited (the "Manager") and Cititrust Limited (the "Trustee"). It is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") pursuant to Section 104(1) of the Securities and Futures Ordinance of Hong Kong.

These financial statements relate to the second Sub-Fund of the Trust, ChinaAMC CES China A80 Index ETF (the "Sub-Fund"). The Sub-Fund commenced trading under the stock code 83180 (RMB counter) and 03180 (HKD counter) on the Stock Exchange of Hong Kong Limited ("SEHK") on 26 August 2013.

Pursuant to the guidelines on management and operation of Renminbi Qualified Foreign Institutional Investor ("RQFII") issued by the State of Administration of Foreign Exchange ("SAFE") on and effective from 30 May 2014, a RQFII has the flexibility to allocate its RQFII quota granted by SAFE across different public fund products under its management. Accordingly, the Sub-Fund no longer has the exclusive use of all the RQFII quota previously granted by SAFE to the Manager in respect of the Sub-Fund. The Manager, at its discretion, may re-allocate the RQFII quota in respect of the Sub-Fund to other public fund products under its management or vice versa without having to obtain prior approval from SAFE.

The investment objective of the Sub-Fund is to provide investment results that closely correspond to the performance of the CES China A80 Index (the "Index"). The Sub-Fund is a physical exchange traded fund investing directly in the underlying A-Shares of the Index.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standard Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the SFC (the "SFC Code").

They have been prepared under the historical cost basis, except for financial assets classified at fair value through profit or loss that have been measured at fair value. These financial statements are presented in Chinese Renminbi ("RMB") and all values are rounded to the nearest RMB except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting principles adopted in the current year are consistent with those of the prior year; except that the Sub-Fund has adopted the following revised accounting standard:

Annual Improvements 2010-2012 Cycle

The Sub-Fund has applied the applicable improvement for the first time in these financial statements. This includes:

IAS 24 Related Party Disclosures: Clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment to IAS 24 has no impact on the Sub-Fund.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2015, in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

IFRS 9	<i>Financial Instruments</i> ¹
IFRS 15	<i>Revenue from Contracts with Customer</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2018

In July 2014, the IASB issued the final version of IFRS 9, which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

IFRS 15 was issued in May 2014 and shall be applied to a financial period beginning on or after 1 January 2018. The new standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs.

The Sub-Fund is currently assessing the impact of IFRS 9 and IFRS 15, and plans to adopt the new standards on the required effective date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(i) Classification

The Sub-Fund classifies its financial assets and liabilities into the following categories in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

Financial assets at fair value through profit or loss

Financial assets designated as at fair value through profit or loss upon initial recognition: these include equity securities. These financial assets are designated upon initial recognition on the basis that they are part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Sub-Fund.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to other receivable.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Classification (continued)

Financial liabilities

This category includes all financial liabilities. The Sub-Fund includes in this category amounts relating to management fee payable, custodian, fund administration and trustee fees payable, amounts payable on redemption of units and other payables and accruals.

(ii) Recognition

The Sub-Fund recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the financial asset.

(iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in 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.

Loans and receivables and financial liabilities are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) Subsequent measurement

After initial measurement, the Sub-Fund measures financial instruments which are classified as at fair value through profit or loss, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net change in unrealised gains/losses on financial assets at fair value through profit or loss. Interest and dividend earned on these instruments are recorded separately as interest income and dividend income.

Loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) Subsequent measurement (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired or the Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either

- the Sub-Fund has transferred substantially all the risks and rewards of the asset, or
- the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Sub-Fund has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Sub-Fund's continuing involvement in the asset. In that case, the Sub-Fund also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Sub-Fund has retained. The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged.

Fair value measurement

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 measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Sub-Fund.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

The Sub-Fund assesses at the end of each reporting period whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as 'credit loss expense'.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Sub-Fund. If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a previous write-off is later recovered, the recovery is credited to the profit or loss.

Interest revenue on impaired financial assets is recognised using the rate of interest to discount the future cash flows for the purpose of measuring the impairment loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, demand deposits, short-term deposits in banks and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

Short-term investments that are not held for the purpose of meeting short-term cash commitments and restricted margin accounts are not considered as cash and cash equivalents.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts when applicable.

Redeemable units

Redeemable units are classified as an equity instrument when:

- (a) The redeemable units entitle the holder to a *pro-rata* share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation.
- (b) The redeemable units are in the class of instruments that is subordinate to all other classes of instruments.
- (c) All redeemable units in the class of instruments that is subordinate to all other classes of instruments have identical features.
- (d) The redeemable units do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a *pro-rata* share of the Sub-Fund's net assets.
- (e) The total expected cash flows attributable to the redeemable units over the life of the instrument 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 Sub-Fund over the life of the instrument.

In addition to the redeemable units having all the above features, the Sub-Fund must have no other financial instrument or contract that has:

- (a) Total cash flows 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 Sub-Fund, and
- (b) The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The Sub-Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features or meet all the conditions set out to be classified as equity, the Sub-Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable units subsequently have all the features and meet the conditions to be classified as equity, the Sub-Fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

The issuance, acquisition and cancellation of redeemable units are accounted for as equity transactions.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

Upon issuance of redeemable units, the consideration received is included in equity. Transaction costs incurred by the Sub-Fund in issuing or acquiring its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Own equity instruments that are reacquired are deducted from equity and accounted for at amounts equal to the consideration paid, including any directly attributable incremental costs.

No gain or loss is recognised in the statement of comprehensive income on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

Dividend income

Dividend income is recognised when the Sub-Fund's right to receive the payment is established. Dividend income is presented gross of any non-recoverable withholding income taxes, which are disclosed separately in the statement of comprehensive income.

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income as it accrues, using the effective interest method.

Net change in unrealised gains or losses on financial assets at fair value through profit or loss

This item includes changes in the fair value of financial assets and liabilities as at fair value through profit or loss and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period.

Net realised gains or losses on disposal of financial investment

Realised gains and losses on disposals of financial instruments classified as at fair value through profit or loss are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

Foreign currency

These financial statements are presented in RMB, which is the Sub-Fund's functional and presentation currency. Foreign currency transactions recorded by the Sub-Fund are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or transaction of monetary items are recognised in the statement of comprehensive income.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Functional currency

The Sub-Fund's functional currency is RMB, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in RMB. Moreover, the net asset value per unit at the time of issue or redemption is determined and units quoted on the SEHK are denominated in RMB.

Therefore, the RMB is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's presentation currency is also RMB.

Taxes

In some jurisdictions, dividend income, interest income and capital gains are subject to withholding income tax deducted at the source of the income. The Sub-Fund presents the withholding income tax separately from gross investment gains in the statement of comprehensive income.

For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding income taxes, when applicable.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Fund;
 - (ii) has significant influence over the Sub-Fund; or
 - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Sub-Fund are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the group 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 a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(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); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND CHANGES IN ACCOUNTING ESTIMATES

The preparation of the Sub-Fund's financial statements requires the Manager to make judgments, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Going concern

The Sub-Fund's Manager has made an assessment of the Sub-Fund's ability to continue as a going concern and is satisfied that the Sub-Fund has the intention and resources to continue in business for the 12 months after the year end date. Furthermore, the Manager is not aware of any material uncertainties that may cast significant doubt upon the Sub-Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND CHANGES IN ACCOUNTING ESTIMATES (continued)

Taxation

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

On 17 November 2014, the Sub-Fund changed its accounting estimates in respect of PRC withholding income tax provision which was announced by the Manager through the Hong Kong Exchanges and Clearing Limited dated 17 November 2014 (the "Announcement") for changes in respect of its WIT policy on behalf of the Sub-Fund. No PRC withholding income tax ("WIT") provision is made by the Sub-Fund on the capital gains derived from trading of A-Shares.

5. TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund, the Trustee and the Manager and their connected persons. Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund, the Manager and their 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:

Management fees

The Manager is entitled to receive a management fee from the Sub-Fund, at a rate of 0.70% (up to maximum of 1%) per annum with respect to the net asset value of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears. The Manager is responsible for the payment of the investment advisory fees, if any, to the investment adviser, China Asset Management Co., Ltd., out of its fees received from the Sub-Fund.

The management fees incurred during the year ended 31 December 2015 were RMB177,838 (2014: RMB1,834,157). As at 31 December 2015, a management fee of RMB14,694 (2014: RMB289,250) was payable to the Manager.

Custodian, fund administration and trustee fees

Custodian fees and fund administration fees pertain to the amounts charged by the Trustee as safe keeping and fund administration fees. The Trustee bears the fees of Citibank, N.A. (the "Administrator and Custodian") and Citibank (China) Co., Limited (the "PRC Custodian").

The Trustee is entitled to receive a trustee fee from the Sub-Fund which is accrued on each dealing day and is paid monthly in arrears. The trustee fee is calculated as a percentage per annum of the net asset value of the Sub-Fund at the current rate ranging from 0.07% to 0.10%, subject to a monthly minimum of US\$4,000.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

5. TRANSACTIONS WITH THE TRUSTEE AND MANAGER AND THEIR CONNECTED PERSONS (continued)

Custodian, fund administration and trustee fees (continued)

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than one (1) month's notice to unitholders, increase the rate of the trustee fee payable in respect of the Sub-Fund up to or towards the maximum rate of 1% per annum of the net asset value of the Sub-Fund accrued daily and calculated as at each dealing day and payable monthly in arrears.

The custodian, fund administration and trustee fees for the year ended 31 December 2015 were RMB326,622 (2014: RMB428,150). As at 31 December 2015, custodian, fund administration and trustee fees of RMB52,284 (2014: RMB133,523) were payable to the Trustee and there was no transaction fee payable to the Trustee as at 31 December 2015 (2014: RMB72,000).

Cash and cash equivalents

Bank balances are maintained with the Administrator and Custodian and the PRC Custodian of the Sub-Fund. Bank balances deposited with the Administrator and Custodian and the PRC Custodian at 31 December 2015 and 31 December 2014 are summarised below:

	2015 RMB	2014 RMB
Cash at bank	<u>262,115</u>	<u>491,948</u>

The carrying amount of cash at bank approximates their fair value as at year end.

6. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund during the year ended 31 December 2015 and 31 December 2014. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

7. TAXATION

No provision for Hong Kong profits tax has been made for the Sub-Fund as the dividend income and realised gain on disposal of investment of the Sub-Fund are excluded from the charge to profits tax under Section 14, Section 26 or Section 26A of the Hong Kong Inland Revenue Ordinance.

Distribution tax

A ten per-cent (10%) PRC withholding income tax has been levied on dividend and interest payments from PRC-listed companies to foreign investors. The Sub-Fund is subject to a distribution tax of ten per-cent (10%). There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future. The distribution tax credit provided for the year ended 31 December 2015 was RMB61,206 (2014: RMB346,410).

NOTES TO FINANCIAL STATEMENTS

31 December 2015

7. TAXATION (continued)

Withholding income tax provision for capital gains tax

The Ministry of Finance of the PRC (the "MoF"), the State Administration of Taxation of the PRC ("SAT") and the China Securities Regulatory Commission (the "CSRC") issued the "Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains from the transfer of equity investment assets such as PRC domestic stocks by Qualified Foreign Institutional Investor ("QFII") and RQFII" ("關於 QFII 和 RQFII 取得中國境內的股票等權益性投資資產轉讓所得暫免徵收企業所得稅問題的通知") Caishui [2014] No.79 on 14 November 2014 (the "Notice").

With effect from 17 November 2014, no PRC withholding income tax ("WIT") provision is made by the Sub-Fund on the capital gains derived from trading of A-Shares. The Announcement and the updated addendum to Prospectus dated 16 November 2015 are available on the Manager's website. This policy remains unchanged.

The Notice stated that PRC corporate income tax will be imposed on capital gains derived by QFII and Renminbi Qualified Foreign Institutional Investor ("RQFII") from equity investment assets (including PRC domestic stocks) prior to 17 November 2014 ("capital gains tax") in accordance with laws. The Notice also stated that RQFIIs without an establishment or two places of business in the PRC will be temporarily exempt from corporate income tax on gains derived from the trading of A-Shares effective from 17 November 2014. The Notice stipulated that RQFIIs would be subject to capital gains tax on gains realised before 17 November 2014 in accordance with existing regulations and shall be temporarily exempted from capital gains tax from 17 November 2014.

The Sub-Fund obtained the Hong Kong Tax Resident Certificate ("HKTRC") on 16 October 2015 for each calendar year since its inception date to the calendar year ended 31 December 2014. The HKTRCs have been submitted to the Shanghai Municipal Office of State Administration of Taxation ("Shanghai tax authority") for the purpose of applying tax relief on gross realised capital gains derived from trading of A-Shares which were issued by non-land rich companies under the arrangement between the Mainland China and the Hong Kong Special Administration Region for the Avoidance of Double Taxable and its Prevention of Fiscal Evasion with respect to taxes as income (the "China-HK Arrangements").

At the request of the Shanghai tax authority, the Manager, as the RQFII of the Sub-Fund, fully submitted the requested information and documents on behalf of the Sub-Fund to the PRC tax authorities in October 2015 to report the WIT payable on gross realised capital gains derived from trading of land rich companies A-Shares prior to 17 November 2014 and apply for WIT relief on gross realised capital gains derived from trading of A-Shares which are issued by non-land rich companies under the China-HK Arrangements. The documents submitted include the HKTRCs for the Sub-Fund, as part of the application for the Shanghai tax authority's approval for the eligibility of the Sub-Fund to benefit from the WIT relief under the China-HK Arrangements.

The Shanghai tax authority completed the review on the Sub-Fund's aforesaid tax reporting and tax treaty relief applications as at 11 November 2015 and issued a document to notify the Sub-Fund of the tax treaty relief application result. According to the document, the Shanghai tax authority indicated that it agreed to the Sub-Fund's tax treaty relief application submitted. As such, gross realised capital gains derived by the Sub-Fund from transfer of A-Shares prior to 17 November 2014, except for A-Shares issued by land rich companies, are eligible for WIT relief under the China-HK Arrangements.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

7. TAXATION (continued)

Withholding income tax provision for capital gains tax (continued)

The total amount of RMB36,223 for the WIT payable made on realised capital gains which are land rich companies between 7 June 2012 and 16 November 2014 by the Sub-Fund has been paid by in full before 31 December 2015. The Manager therefore decided to reverse the excess provision amounted to RMB1,478,047 on 16 November 2015.

PRC withholding income tax credit on capital gains, including unrealised gains and realised gains, amounting to RMB1,478,047 (2014: expenses of RMB442,361), was recognised by the Sub-Fund for the year ended 31 December 2015.

8. AMOUNTS PAYABLE ON REDEMPTION OF UNITS

As at 31 December 2014, the balance represented the amounts payable on redemption of units and was settled within 1 month.

9. DISTRIBUTION

The Manager may in its absolute discretion distribute income to unitholders at such time or times as it may determine in each financial year or determine that no distribution shall be made in any financial year. The amount to be distributed to unitholders, if any, will be derived from the net income of the Sub-Fund.

The Sub-Fund did not make any distribution during the year ended 31 December 2015 and 31 December 2014.

10. THE REDEEMABLE UNITS

	2015 Number of units	2014 Number of units
Units in issue at the beginning of the year	2,400,000	12,600,000
Issue of units	—	132,300,000
Redemption of units	(150,000)	(142,500,000)
Units in issue at the end of the year	<u>2,250,000</u>	<u>2,400,000</u>
	At last trade market price RMB	At last trade market price RMB
Dealing net asset value at the end of the year	<u>24,014,956</u>	<u>24,688,686</u>
Dealing net asset value per unit at the end of the year	<u>10.6733</u>	<u>10.2870</u>

The creation and redemption of units of the Sub-Fund can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

10. THE REDEEMABLE UNITS (continued)

The Trustee shall receive subscription proceeds from the participating dealers for the creation of units and pay redemption proceeds for the redemption of units to the relevant participating dealer in such form and manner as prescribed by the Trust Deed.

Units are denominated in RMB and no fractions of a unit shall be created or issued by the Trustee. Units of the Sub-Fund are offered and issued at their dealing net asset value only in aggregations of a specified number of application units (the "Application Unit"). Units are redeemable only in an Application Unit or multiple thereof at the dealing net asset value. Currently, creation and redemption of units are effected in cash.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB	2014 RMB
Financial assets designated as at fair value through profit or loss:		
Listed equity securities	<u>24,321,694</u>	<u>35,920,068</u>

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows an analysis of the Sub-Fund's financial assets measured at fair value at 31 December 2015 and 31 December 2014:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2015				
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	<u>23,335</u>	<u>131</u>	<u>856</u>	<u>24,322</u>
At 31 December 2014				
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	<u>35,920</u>	<u>—</u>	<u>—</u>	<u>35,920</u>

Transfers between Level 1 and Level 2

As at 31 December 2015, the Sub-Fund reclassified one listed equity security, amounted to RMB131,420, under the Level 2 financial instruments due to suspension namely, (1) Qingdao Haier Co Ltd (stock code: 600690). The listed equity security temporarily suspended trading as at 31 December 2015 and resumed from suspension before the date of authorisation of the financial statements for the year ended 31 December 2015.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Transfers between Level 1 and Level 2 (continued)

	Transfer from Level 1 to Level 2 2015 RMB'000	Transfer from Level 1 to Level 2 2014 RMB'000
Financial assets designated as at fair value through profit or loss		
- Listed equity securities	131	—
Total	131	—

The transfer between Level 1 and Level 2 of the fair value hierarchy is deemed to have occurred at the end of the reporting period.

Transfers between Level 1 and Level 3

As at 31 December 2015, the Sub-Fund reclassified one listed equity security, amounted to RMB855,734, under the Level 3 financial instruments due to suspension namely, (1) China Vanke Co Ltd (stock code: 000002). The listed equity security suspended trading as at 31 December 2015 and were still suspended from trading during the period between the end of the reporting period as at 31 December 2015 and the date of authorisation of the Sub-Fund's financial statements for the year ended 31 December 2015.

	Transfer from Level 1 to Level 3 2015 RMB'000	Transfer from Level 1 to Level 3 2014 RMB'000
Financial assets designated as at fair value through profit or loss		
- Listed equity securities	856	—
Total	856	—

The transfer between Level 1 and Level 3 of the fair value hierarchy is deemed to have occurred at the end of the reporting period.

Valuation techniques

Listed equity securities traded in active market with quoted market prices

When fair values of listed equity securities at the reporting date are based on quoted market prices or binding dealer price quotations, in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Sub-Fund values these investments at last trade prices.

Listed equity securities temporarily suspended on year end date

In the absence of a quoted price in an active market, the Manager applied market approach in which they have used the last traded price before their trading suspension trading as there has been no expected material gap-down.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques (continued)

Adjustments are made to the valuations when necessary to recognise the differences of timing between the date of suspension and resumption which is within a reasonable time and the price fluctuation when the investments resume trading subsequent to the period end. To the extent that the significant inputs are observable, the Sub-Fund categorises these investments as Level 2.

Listed equity securities suspended on year end date and has not resumed prior to the date of authorisation of the financial statements

The fair value of suspended investments which do not resume trading in a short period of time subsequent to period end, for which there is an absence of quoted prices, the fair value was estimated by the Manager using the Index Return Method and then adjusting the last traded price by applying the index return of the corresponding sector of that suspended investments since the suspension date. Such valuation method is generally accepted in the industry. The model incorporates unobservable inputs which include the relevant industry index. The Sub-Fund classifies the fair value of these investments as Level 3.

Quantitative information of significant unobservable inputs – Level 3

Description	RMB	Valuation technique	Unobservable input
As at 31 December 2015			
Equity investment	855,734	Index Return Method	Return on relevant industry index (-3.68%)

The following table demonstrates the sensitivity of the fair value of investments as at the end of the period to a reasonably possible change in the forecast earnings per share, with all other variables held constant.

As at 31 December 2015

	Input	Change in return of the relevant industry index	Effect on the fair value of investment RMB	Effect on the net assets attributable to unitholders RMB
Equity security	AMAC Index	5%	42,787	42,787
	AMAC Index	(5%)	(42,787)	(42,787)

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 for the year ended 31 December 2015 and 31 December 2014:

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31 December 2015

12. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Quantitative information of significant unobservable inputs – Level 3 (continued)

	Financial assets designated as at fair value through profit or loss equity securities 2015 RMB	Financial assets designated as at fair value through profit or loss equity securities 2014 RMB
At 1 January	–	–
Total gains and losses in profit or loss	–	–
Purchases	–	–
Sales	–	–
Transfer from Level 1 into Level 3	<u>855,734</u>	<u>–</u>
At 31 December	<u>855,734</u>	<u>–</u>
Total gains and losses for the period included in profit or loss for assets held at the end of reporting period	503,094	–

13. CASH AND CASH EQUIVALENTS

	2015 RMB	2014 RMB
Cash at bank	<u>262,115</u>	<u>491,948</u>

The cash at bank held with the Administrator and Custodian and the PRC Custodian, was placed into accounts bearing floating interest.

14. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

The SFC Code allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund's net asset value provided that:

- (a) the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the index; and
- (b) the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the index, except where weighting are exceeded as a result of changes in the composition of the index and the excess is only transitional and temporary in nature.

The SFC Code further provides that, if the investment limits stated above are breached, the management company should take as a priority objective all steps as are necessary within a reasonable period of time to remedy the situation, taking due account of the interests of the unitholders. The Trust Deed of the Trust also contains provisions mirroring the above provisions of the SFC Code.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risk management

Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Manager is responsible for identifying and controlling risks. In perspective of risk management, the Sub-Fund's objective is to create and protect value for unitholders.

The Sub-Fund is exposed to market risk (which includes price risk, interest rate risk and currency risk), credit risk and liquidity risk arising from the financial instruments it holds.

(a) Market risk

(i) Equity 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, either caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Sub-Fund invested substantially all of its assets in A-Shares of those PRC companies comprising the Index in substantially the same weightings as constituted in the Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the Index.

When there are changes in the constituent A-Shares comprised in the Index and/or their respective weightings within the Index, the Manager will rebalance the composition of the relevant investment holdings or the underlying dynamic basket of A-Shares of selected constituent companies of the Index.

As at 31 December 2015 and 31 December 2014, the Sub-Fund's investments were concentrated in the following industries.

	2015		2014	
	Fair value	% of net asset value	Fair value	% of net asset value
	RMB		RMB	
A-Shares holdings – by sectors				
Consumer				
Discretionary	2,455,093	10.23%	1,910,584	7.74%
Consumer Staples	1,485,389	6.18%	1,241,381	5.03%
Energy	645,941	2.69%	991,396	4.02%
Financials	14,158,524	58.96%	14,308,352	57.95%
Health Care	528,528	2.20%	512,181	2.07%
Industrials	2,828,222	11.77%	14,765,904	59.81%
Information Technology	647,065	2.70%	594,201	2.41%
Materials	401,445	1.67%	773,016	3.13%
Telecommunication Services	236,527	0.99%	194,951	0.79%
Utilities	934,960	3.89%	628,102	2.54%
	<u>24,321,694</u>	<u>101.28%</u>	<u>35,920,068</u>	<u>145.49%</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2015

15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(a) Market risk (continued)

(i) Equity price risk (continued)

Sensitivity analysis in the event of a possible change in the Index by 5% as estimated by the Manager

As at 31 December 2015, if the Index was to increase by 5% (2014: 5%) with all other variables held constant, this would increase the pre-tax profit for the year by approximately RMB 1.2 million (2014: RMB1.8 million). Conversely, if the Index was to decrease by 5% (2014: 5%), this would decrease the pre-tax profit for the year by an approximately equal amount.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flows will fluctuate due to changes in market interest rates.

The Manager considers that the Sub-Fund is not subject to significant risk due to fluctuations in the prevailing level of market interest rate. As the Sub-Fund has no investments in fixed income assets, the Manager considers that changes in the fair value of its net assets in the event of a change in market interest rates will not be material. Therefore, no sensitivity analysis is presented.

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Approximately 100% (2014: 100%) of the Sub-Fund's sales and purchases were denominated in RMB, the Sub-Fund's functional currency. Assets and liabilities held by the Sub-Fund are mainly denominated in RMB. Therefore, the Manager considers the Sub-Fund is not exposed to significant currency risk and no sensitivity analysis is presented.

(b) Credit and counterparty risk

Credit risk is the risk of loss to the Sub-Fund that may arise on outstanding financial instruments should a counterparty default on its obligations. The Sub-Fund minimises exposure to credit risk by only dealing with creditworthy counterparties.

All transactions by the Sub-Fund in securities are settled/paid for upon delivery using approved broker. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the custodian. The table below summarises the Sub-Fund's assets placed with banks and the PRC Custodian and their related credit ratings from Standard & Poor's ("S&P"):

NOTES TO FINANCIAL STATEMENTS

31 December 2015

15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(b) Credit and counterparty risk (continued)

31 December 2015

	RMB	Credit rating	Source of credit rating
<u>Banks</u>			
Citibank, N.A.	30,979	A	S&P
Citibank (China) Co., Limited	231,136	A	S&P
<u>PRC Custodian</u>			
Citibank (China) Co., Limited	24,321,694	A	S&P

31 December 2014

	RMB	Credit rating	Source of credit rating
<u>Banks</u>			
Citibank, N.A.	279,215	A	S&P
Citibank (China) Co., Limited	221,841	A	S&P
<u>PRC Custodian</u>			
Citibank (China) Co., Limited	35,920,068	A	S&P

The Sub-Fund's maximum exposure to credit risk at the end of the reporting period is the carrying amount of total assets as shown on the statement of financial position.

(c) Liquidity risk

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

As at 31 December 2015 and 31 December 2014, the Sub-Fund held liquid assets, comprising financial assets at fair value through profit or loss, other receivable and cash and cash equivalents that are expected to readily generate cash inflows for managing liquidity risk.

The table below summarises the maturity profile of Sub-Fund's financial assets and liabilities at the end of the reporting year based on contractual undiscounted repayment obligations.

NOTES TO FINANCIAL STATEMENTS

31 December 2015

15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Risk management (continued)

(c) Liquidity risk (continued)

At 31 December 2015

	Due on demand RMB'000	Due within 1 month RMB'000	1 month to 1 year RMB'000	Total RMB'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	–	23,466	856	24,322
Cash and cash equivalents	262	–	–	262
Total financial assets	262	23,466	856	24,584
<u>Financial liabilities</u>				
Management fee payable	–	15	–	15
Custodian, fund administration and trustee fees payable	–	52	–	52
Financial liabilities included in other payables and accruals	–	–	502	502
Total financial liabilities	–	67	502	569

At 31 December 2014

	Due on demand RMB'000	Due within 1 month RMB'000	1 month to 1 year RMB'000	Total RMB'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	–	35,920	–	35,920
Other receivable	–	9	–	9
Cash and cash equivalents	492	–	–	492
Total financial assets	492	35,929	–	36,421
<u>Financial liabilities</u>				
Management fee payable	–	289	–	289
Custodian, fund administration and trustee fees payable	–	206	–	206
Amount payable on redemption of units	–	9,381	–	9,381
Financial liabilities included in other payables and accruals	–	–	342	342
Total financial liabilities	–	9,876	342	10,218

NOTES TO FINANCIAL STATEMENTS

31 December 2015

15. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

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

The Manager manages the capital of the Sub-Fund in accordance with the Sub-Fund's investment objectives and policies stated in the prospectus.

16. SEGMENT INFORMATION

The Manager makes the strategic resource allocations on behalf of the Sub-Fund and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that each sub-fund has a single operating segment which is investing in securities. The objectives of the Sub-Fund are to track the performance of its respective index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned to the characteristics of the tracked index.

The internal financial information used by the Manager for the Sub-Fund's assets, liabilities and performance is the same as that disclosed in the statement of financial position and statement of comprehensive income.

The Sub-Fund is domiciled in Hong Kong. All of the Sub-Fund's income is from investments in securities which constitute its tracked index. The Sub-Fund's investments are mainly domiciled in the PRC.

The Sub-Fund has no assets classified as non-current assets. The Sub-Fund has portfolios that closely correspond to the security weight and industry weight of its tracked index.

17. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, there were redemptions of 1,500,000 units.

18. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 22 April 2016.

ChinaAMC CES China A80 Index ETF
(a sub-fund of ChinaAMC ETF Series)

INVESTMENT PORTFOLIO

31 December 2015

	Holdings Shares	Market Value RMB	% of NAV
<u>Financial assets at fair value through profit or loss (100%)</u>			
China (100%)			
Consumer Discretionary			
BYD Co Ltd	2,799	180,256	0.75
Chongqing Changan Automobile Co Ltd	10,179	172,738	0.72
Great Wall Motor Co Ltd	5,437	65,461	0.27
Gree Electric Appliances, Inc. of Zhuhai	21,721	485,464	2.02
Midea Group Co Ltd	9,551	313,464	1.31
Qingdao Haier Co Ltd	13,248	131,420	0.55
SAIC Motor Co Ltd	14,928	316,772	1.32
Shanghai Oriental Pearl Media Co Ltd	8,300	314,487	1.31
Shenzhen Overseas Chinese Town Co Ltd	16,593	146,018	0.61
Suning Commerce Group Co Ltd	20,001	269,013	1.12
Wanda Cinema Line Co Ltd	500	60,000	0.25
Consumer Staples			
Foshan Haitian Flavouring and Food Company Ltd.	1,180	41,713	0.17
Henan Shuanghui Investment & Development Co Ltd	4,444	90,702	0.38
Inner Mongolia Yili Industrial Group Co Ltd	27,380	449,853	1.87
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	2,626	179,986	0.75
Kweichow Moutai Co Ltd	2,243	489,400	2.04
Wuliangye Yibin Co Ltd	8,568	233,735	0.97
Energy			
China Coal Energy Co Ltd	8,196	49,586	0.21
China Petroleum & Chemical Corporation	47,469	235,446	0.98
China Shenhua Energy Co Ltd	8,940	133,832	0.56
PetroChina Co Ltd	21,939	183,191	0.76
Shaanxi Coal Industry Company Limited	9,030	43,886	0.18
Financials			
Agricultural Bank of China Co Ltd	172,524	557,253	2.32
Bank of Beijing Co Ltd	45,689	481,105	2.00
Bank of China Ltd	95,132	381,479	1.59
Bank of Communications Co Ltd	106,264	684,340	2.85
China Citic Bank Corporation Limited	14,376	103,795	0.43
China Everbright Bank Co Ltd	71,856	304,669	1.27
China Life Insurance Company Limited	7,516	212,778	0.89
China Merchants Bank Co Ltd	46,565	837,704	3.49

ChinaAMC CES China A80 Index ETF
(a sub-fund of ChinaAMC ETF Series)

INVESTMENT PORTFOLIO (continued)

31 December 2015

	Holdings Shares	Market Value RMB	% of NAV
<u>Financial assets at fair value through profit or loss (100%)</u> (continued)			
China (100%)			
Financials (continued)			
China Merchants Securities Co Ltd	12,817	278,129	1.16
China Minsheng Banking Corp Ltd	133,384	1,285,822	5.35
China Pacific Insurance (Group) Co Ltd	14,186	409,408	1.70
China Vanke Co Ltd	35,028	855,734	3.56
CITIC Securities Co Ltd	35,531	687,525	2.86
Everbright Securities Co Ltd	5,200	119,288	0.50
Founder Securities Co Ltd	18,580	178,368	0.74
GF Securities Co Ltd	13,355	259,755	1.08
Guosen Securities Co Ltd	5,549	109,593	0.46
Guotai Junan Securities Co Ltd.	6,800	162,520	0.68
Haitong Securities Company Limited	36,534	577,968	2.41
Huatai Securities Co Ltd	14,749	290,850	1.21
Huaxia Bank Co Ltd	24,116	292,768	1.22
Industrial and Commercial Bank of China Ltd	97,370	445,955	1.86
Industrial Bank Co Ltd	60,146	1,026,692	4.28
New China Life Insurance Co Ltd	2,826	147,545	0.61
Orient Securities Co Ltd	4,400	102,476	0.43
Ping An Bank Co Ltd.	25,834	309,750	1.29
Ping An Insurance (Group) Company of China Ltd	48,901	1,760,437	7.33
Poly Real Estate Group Co Ltd	29,139	310,039	1.29
Shanghai Pudong Development Bank Co Ltd	42,104	769,240	3.20
Shenwan Hongyuan Group Co Ltd	20,125	215,539	0.90
Health Care			
Jiangsu Hengrui Medicine Co Ltd	5,298	260,238	1.08
Shanghai RAAS Blood Products Co Ltd	2,486	98,868	0.41
Yunnan Baiyao Group Co., Ltd.	2,333	169,422	0.71
Industrials			
Avic Aviation Engine Corp PLC	3,500	157,605	0.66
China Communications Construction Company Limited	6,869	92,113	0.38
China Railway Construction Co Ltd	15,570	209,884	0.87
China Railway Group Ltd	25,245	275,675	1.15
China Shipbuilding Industry Co Ltd	41,448	389,611	1.62
China State Construction Engineering Co Ltd	67,699	429,212	1.79
CRRC Corp Ltd	41,381	531,746	2.21
Daqin Railway Co Ltd	26,856	231,499	0.96
Power Construction Corp of China Ltd	18,614	149,470	0.62

ChinaAMC CES China A80 Index ETF
(a sub-fund of ChinaAMC ETF Series)

INVESTMENT PORTFOLIO (continued)

31 December 2015

	Holdings Shares	Market Value RMB	% of NAV
<u>Financial assets at fair value through profit or loss (100%)</u> (continued)			
China (100%)			
Industrials (continued)			
Sany Heavy Industry Co Ltd	17,187	113,090	0.47
Shanghai Electric Group Co Ltd	13,300	153,482	0.64
Shanghai International Port (Group) Co Ltd	14,635	94,835	0.40
Information Technology			
Beijing Xinwel Telecom Technology Group Co Ltd	5,200	139,100	0.58
BOE Technology Group Co Ltd	107,231	318,476	1.33
Hangzhou Hikvision Digital Technology Co Ltd	5,510	189,489	0.79
Materials			
Aluminum Corporation of China Limited	24,684	122,679	0.51
Anhui Conch Cement Co Ltd	9,022	154,276	0.64
Baoshan Iron & Steel Co Ltd	22,310	124,490	0.52
Telecommunication Services			
China United Network Communications Co Ltd	38,273	236,527	0.99
Utilities			
China National Nuclear Power Co Ltd.	21,000	200,340	0.83
China Yangtze Power Co Ltd	22,345	302,998	1.26
GD Power Development Co Ltd	44,358	174,327	0.73
Huaneng Power International Inc	18,946	165,399	0.69
Zhejiang Zheneng Electric Power Co., Ltd.	12,269	91,896	0.38
TOTAL INVESTMENTS, AT FAIR VALUE		24,321,694	101.28
TOTAL INVESTMENTS, AT COST		19,195,616	

MOVEMENTS IN INVESTMENT PORTFOLIO

31 December 2015

INVESTMENTS

	Holdings as at 1 January 2015	Additions	Corporate Action	Disposals	Holdings as at 31 December 2015
<u>Financial assets at fair value through profit or loss</u>					
Listed Securities					
Agricultural Bank of China Co Ltd	120,570	69,800	—	17,846	172,524
Aluminum Corporation of China Limited	17,684	10,400	—	3,400	24,684
Anhui Conch Cement Co Ltd	9,284	1,300	—	1,562	9,022
Avic Aviation Engine Corp PLC	—	3,500	—	—	3,500
Bank of Beijing Co Ltd	29,424	11,900	7,365	3,000	45,689
Bank of China Ltd	31,294	84,000	—	20,162	95,132
Bank of Communications Co Ltd	72,909	42,700	—	9,345	106,264
Baoshan Iron & Steel Co Ltd	22,828	3,800	—	4,318	22,310
Beijing Xinwel Telecom Technology Group Co Ltd	—	5,200	—	—	5,200
BOE Technology Group Co Ltd	47,000	68,100	—	7,869	107,231
BYD Co Ltd	2,100	1,100	—	401	2,799
China Avic Electronics Co., Ltd.	2,400	300	—	2,700	—
China Citic Bank Corporation Limited	13,776	1,800	—	1,200	14,376
China CNR Co Ltd	863,012	—	—	863,012	—
China Coal Energy Co Ltd	8,500	1,000	—	1,304	8,196
China Communications Construction Company Limited	10,823	1,700	—	5,654	6,869
China Construction Bank	44,540	7,000	—	51,540	—
China Everbright Bank Co Ltd	92,442	13,600	—	34,186	71,856
China Life Insurance Company Limited	6,900	1,700	—	1,084	7,516
China Merchants Bank Co Ltd	76,630	11,200	—	41,265	46,565
China Merchants Securities Co Ltd	10,791	3,800	—	1,774	12,817
China Minsheng Banking Corp Ltd	125,869	49,600	—	42,085	133,384
China National Nuclear Power Co Ltd.	—	21,000	—	—	21,000
China Oilfield Services Limited	2,674	400	—	3,074	—
China Pacific Insurance (Group) Co Ltd	14,599	2,100	—	2,513	14,186
China Petroleum & Chemical Corporation	25,824	25,100	—	3,455	47,469
China Railway Construction Co Ltd	14,212	4,000	—	2,642	15,570
China Railway Group Ltd	31,739	3,900	—	10,394	25,245
China Shenhua Energy Co Ltd	15,300	2,000	—	8,360	8,940
China Shipbuilding Industry Co Ltd	34,070	12,200	—	4,822	41,448
China State Construction Engineering Co Ltd	69,651	10,400	—	12,352	67,699
China United Network Communications Co Ltd	39,384	5,700	—	6,811	38,273
China Vanke Co Ltd	45,049	6,700	—	16,721	35,028
China Yangtze Power Co Ltd	22,975	2,500	—	3,130	22,345

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2015

INVESTMENTS (continued)

	Holdings as at 1 January 2015	Additions	Corporate Action	Disposals	Holdings as at 31 December 2015
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities (continued)					
Chongqing Changan Automobile Co Ltd	10,475	1,500	—	1,796	10,179
CITIC Securities Co Ltd	36,545	5,500	—	6,514	35,531
CRRC Corp Ltd	1,009,916	2,000	21,243	991,778	41,381
Daqin Railway Co Ltd	27,622	4,000	—	4,766	26,856
Everbright Securities Co Ltd	—	5,200	—	—	5,200
Foshan Haitian Flavouring and Food Company Ltd.	700	100	480	100	1,180
Founder Securities Co Ltd	—	19,400	—	820	18,580
GD Power Development Co Ltd	40,023	9,800	—	5,465	44,358
GF Securities Co Ltd	13,744	2,000	—	2,389	13,355
GoerTek Inc	3,543	300	—	3,843	—
Great Wall Motor Co Ltd	1,868	600	3,402	433	5,437
Gree Electric Appliances, Inc. of Zhuhai	11,100	1,800	10,789	1,968	21,721
Guanghui Energy Co., Ltd	14,552	2,000	—	16,552	—
Guosen Securities Co Ltd	—	5,800	—	251	5,549
Guotai Junan Securities Co Ltd.	—	6,800	—	—	6,800
Haitong Securities Company Limited	37,577	5,600	—	6,643	36,534
Hangzhou Hikvision Digital Technology Co Ltd	5,600	900	—	990	5,510
Henan Shuanghui Investment & Development Co Ltd	3,062	400	1,581	599	4,444
Huaneng Power International Inc	19,461	3,100	—	3,615	18,946
Huatai Securities Co Ltd	13,002	3,900	—	2,153	14,749
Huaxia Bank Co Ltd	20,668	3,200	3,893	3,645	24,116
Industrial and Commercial Bank of China Ltd	80,094	39,000	—	21,724	97,370
Industrial Bank Co Ltd	53,086	15,600	—	8,540	60,146
Inner Mongolia Baotou Steel Rare- Earth(Group) Hi-Tech Co.,Ltd	6,700	1,200	3,450	11,350	—
Inner Mongolia Yili Industrial Group Co Ltd	14,193	2,700	13,990	3,503	27,380
Jiangsu Hengrui Medicine Co Ltd	3,490	1,000	1,077	269	5,298
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	1,501	800	579	254	2,626
Kangmei Pharmaceutical Co Ltd	7,100	700	—	7,800	—
Kweichow Moutai Co Ltd	2,122	300	195	374	2,243
Midea Group Co Ltd	9,746	1,400	—	1,595	9,551
New China Life Insurance Co Ltd	3,800	600	—	1,574	2,826
Orient Securities Co Ltd	—	4,400	—	—	4,400

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2015

INVESTMENTS (continued)

	Holdings as at 1 January 2015	Additions	Corporate Action	Disposals	Holdings as at 31 December 2015
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities (continued)					
PetroChina Co Ltd	18,045	6,900	—	3,006	21,939
Ping An Bank Co Ltd.	26,528	3,900	5,340	9,934	25,834
Ping An Insurance (Group) Company of China Ltd	22,227	7,200	23,643	4,169	48,901
Poly Real Estate Group Co Ltd	30,051	4,100	—	5,012	29,139
Power Construction Corp of China Ltd	—	18,700	—	86	18,614
Qingdao Haier Co Ltd	7,000	1,000	6,524	1,276	13,248
SAIC Motor Co Ltd	15,358	2,300	—	2,730	14,928
Sany Heavy Industry Co Ltd	14,087	4,600	—	1,500	17,187
Shaanxi Coal Industry Company Limited	2,200	7,400	—	570	9,030
Shanghai Electric Group Co Ltd	9,100	5,200	—	1,000	13,300
Shanghai International Port (Group) Co Ltd	21,100	6,100	—	12,565	14,635
Shanghai Oriental Pearl Media Co Ltd	3,100	5,400	—	200	8,300
Shanghai Pudong Development Bank Co Ltd	51,968	7,600	—	17,464	42,104
Shanghai RAAS Blood Products Co Ltd	—	1,500	1,100	114	2,486
Shenwan Hongyuan Group Co Ltd	—	20,600	—	475	20,125
Shenzhen Overseas Chinese Town Co Ltd	16,854	2,500	—	2,761	16,593
Suning Commerce Group Co Ltd	20,573	3,000	—	3,572	20,001
Tasly Pharmaceutical Group Co.,Ltd	2,876	200	—	3,076	—
Wanda Cinema Line Co Ltd	—	500	—	—	500
Wuliangye Yibin Co Ltd	8,811	1,300	—	1,543	8,568
Yantai Jereh Oilfield Services Group Co Ltd	2,213	200	—	2,413	—
Yunnan Baiyao Group Co., Ltd.	2,400	300	—	367	2,333
Zhejiang Dahua Technology Co Ltd	2,700	200	—	2,900	—
Zhejiang Zheneng Electric Power Co., Ltd.	3,600	9,100	—	431	12,269
Zijin Mining Group Co Ltd	36,710	9,900	—	46,610	—
ZTE Corporation	9,127	1,300	1,723	12,150	—

PERFORMANCE RECORD

31 December 2015

1. NET ASSET VALUE (calculated in accordance with the Sub-Fund's Trust Deed)

	Net assets attributable to unitholders RMB	Net asset value per unit RMB
As at:		
31 December 2015	24,014,956	10.6733
31 December 2014	24,688,686	10.2870
31 December 2013	83,049,546	6.5912

2. HIGHEST ISSUE AND LOWEST REDEMPTION PRICES PER UNIT ^A

	Highest issue unit price RMB	Lowest redemption unit price RMB
During the year/period ended:		
31 December 2015	14.7503	8.4411
31 December 2014	10.5237	5.9045
31 December 2013 ^B	7.4234	6.4855

3. COMPARISON OF THE SCHEME PERFORMANCE AND THE ACTUAL INDEX PERFORMANCE ^A

The table below illustrates the comparison between the Sub-Fund's performance (Market-to-Market) and that of the Index during the following year/ period ended:

	the Index (since 23 August 2013)	RMB counter of the Sub-Fund (since 26 August 2013)	HKD counter of the Sub-Fund (since 26 August 2013)
During the year/period ended:			
31 December 2015	58.93%	57.46%	45.48%
31 December 2014	61.23%	54.20%	51.04%
31 December 2013 ^B	0.72%	-3.69%	-3.13%

^A Past performance figures shown are not indicative of the future performance of the Sub-Fund.

^B The financial period of the Sub-Fund extended from 22 August 2013 (date of inception) to 31 December 2013.

