



CSOP ETF SERIES  
(An umbrella unit trust established in Hong Kong)

**CSOP CES CHINA A80 ETF**  
(A sub-fund of CSOP ETF Series)

Reports and Financial Statements  
FOR THE YEAR ENDED 31 DECEMBER 2015

**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

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**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**REPORT OF THE MANAGER TO THE UNITHOLDERS**

Introduction

The CSOP CES China A80 ETF (the “CSOP A80 ETF”), a sub-fund of the CSOP ETF Series, is a unit trust authorised under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. It was launched on 27 August 2013 and commenced trading in RMB under the stock code 83137 on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 23 September 2013; following the SEHK’s dual counter model, the CSOP A80 ETF started trading in HKD under the stock code 03137 on the SEHK on 23 September 2013. The CSOP A80 ETF is benchmarked against the CES China A80 Index (the “A80 Index”) and adopts the full-replication strategy. The Manager and RQFII Holder of the CSOP A80 ETF is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP A80 ETF is a physical ETF which invests directly in the A80 Index securities through the RQFII quotas of the Manager. Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets. Meanwhile, from November 17, 2014, foreign investors can trade eligible stocks listed in Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect. The Manager has obtained RQFII status and the total RQFII quotas obtained by the Manager amount to RMB46.1 billion as of 31 December 2015.

The CES China A80 Index (the “Index”) is compiled and published by China Securities Index Co.,Ltd. It comprises the top 80 A-Share companies from both the Shanghai and Shenzhen markets by market capitalisation. The Index operates under clearly defined rules published by the index provider and is a tradable index.

Capital Gains Tax (“CGT”) Treatment

Rules governing taxes on capital gains derived by QFIIs or RQFIIs from the trading of PRC Securities (including China A-Shares) was announced on 14 November 2014. According to the rules, investors are not required to pay capital gain tax from 17 November 2014. Therefore, the Manager did not provision any withholding tax after November 17, 2014.

Fund Performance

The CSOP A80 ETF seeks to provide investment results, before fees and expenses, which closely correspond to the performance of the Index. As of 31 December 2015, the dealing Net Asset Value (“NAV”) per unit of the CSOP A80 ETF was RMB 29.7550 and there were 600,000 units outstanding. The total asset under management was approximately RMB 17 million.

For the year ended 31 December 2015, the dealing NAV of CSOP A80 ETF RMB counter (stock code 83137) performed -6.67% while the price return index performed -1.43%. The difference in performance between the NAV of the CSOP A80 ETF and the price return index is mainly attributed to dividends, fees and expenses, including tax on dividends. YTD Price return of the RMB counter (stock code 83137) was -5.76%.

**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**REPORT OF THE MANAGER TO THE UNITHOLDERS (Continued)**

Exchange Liquidity

Since inception, the CSOP A80 ETF has attracted great investor attention from investors across the globe. The trading value of the RMB counter (stock code: 83137) remained steadily at an average daily turnover of RMB 0.11 million in December 2015. The trading value of the HKD counter (stock code: 03137) remained steadily at an average daily turnover of HKD 0.12 million in December 2015. The trading volume for the CSOP A80 ETF reflected strong interest in the CSOP A80 ETF.

Portfolio Rebalance

The CSOP A80 ETF adopts full-replication strategy to track the Index. Since inception, the Sub-Fund has experienced five semi-annual index rebalances.

**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**REPORT OF THE TRUSTEE TO THE UNITHOLDERS**

We hereby confirm that, in our opinion, the Manager of the CSOP CES China A80 ETF (the “Sub-Fund”), a sub-fund of CSOP ETF Series, has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 25 July 2012, as amended, for the year ended 31 December 2015.

HSBC Institutional Trust Services (Asia) Limited  
27 April 2016

**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE**

**MANAGER’S RESPONSIBILITIES**

The Manager of the CSOP CES China A80 ETF (the “Sub-Fund”), a sub-fund of CSOP ETF Series, is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong and the Trust Deed dated 25 July 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 the year 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 presume 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.

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its Trust Deed. As at 31 December 2015, the Trust has established six sub-funds, namely, CSOP FTSE China A50 ETF, CSOP CES China A80 ETF, CSOP MSCI T50 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF and CSOP MSCI China A International ETF.

**TRUSTEE’S RESPONSIBILITIES**

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund in all material respects is managed 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 period should the Manager not managing the Sub Fund in accordance to the Trust Deed.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES, AN UMBRELLA UNIT TRUST ESTABLISHED IN HONG KONG)**

**Report on the Financial Statements**

We have audited the financial statements of CSOP CES China A80 ETF (the "Sub-Fund"), a sub-fund of CSOP ETF Series, set out on pages 7 to 29, 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 then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants, 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 25 July 2012, as amended, (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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. We are also required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and 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 auditor's 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 auditor considers internal control relevant to the Sub-Fund'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 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 Management, 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 AUDITOR'S REPORT  
TO THE UNITHOLDERS OF CSOP CES CHINA A80 ETF (CONTINUED)  
(A SUB-FUND OF CSOP ETF SERIES, AN UMBRELLA UNIT TRUST ESTABLISHED IN HONG KONG)**

**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 transactions and cash flows for the year then ended in accordance with Hong Kong 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 SFC Code.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 27 April 2016



**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2015*

	<i>Notes</i>	2015 <i>RMB</i>	2014 <i>RMB</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Deposit reserve		14,000	70,815
<b>CURRENT ASSETS</b>			
Investments	<i>7(c),8(a)</i>	17,442,987	202,967,763
Interest receivable		93	67
Bank balances	<i>7(c)</i>	987,572	663,671
		<u>18,430,652</u>	<u>203,631,501</u>
<b>Total assets</b>		<u>18,444,652</u>	<u>203,702,316</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Provision for taxation	<i>6</i>	-	274,004
Amounts due to participating dealers		-	1,721,845
Management fee payable	<i>7(a)</i>	12,842	169,167
Amount due to the Manager	<i>7(d)</i>	692,798	1,269,383
Other accounts payable		465,668	292,595
		<u>1,171,308</u>	<u>3,726,994</u>
<b>Total liabilities</b>		<u>1,171,308</u>	<u>3,726,994</u>
<b>EQUITY</b>			
<b>Net assets attributable to unitholders</b>	<i>4</i>	<u>17,273,344</u>	<u>199,975,322</u>

The financial statements on pages 7 to 29 were approved by the Trustee and the Manager on 27 April 2016 and were signed on their behalf.

For and on behalf of

For and on behalf of

CSOP Asset Management Limited  
as the Manager

HSBC Institutional Trust Services (Asia) Limited  
as the Trustee

*The notes on pages 11 to 29 form part of these financial statements.*

**CSOP CES CHINA A80 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2015*

	<i>Notes</i>	Year ended 31 December 2015 <i>RMB</i>	Year ended 31 December 2014 <i>RMB</i>
<b>INCOME</b>			
Dividend income		926,913	7,718,414
Interest income		7,588	12,131
Net gain on investments	5	13,470,309	109,000,912
Other income		728,802	2,111,371
<b>Total net income</b>		<u>15,133,612</u>	<u>118,842,828</u>
<b>EXPENSES</b>			
Management fee	7(a)	(447,483)	(2,118,352)
Trustee fee	7(b)	(360,000)	(470,959)
Transaction costs on investments		(404,506)	(478,027)
Audit fee		(146,339)	(230,000)
Safe custody and bank charges		(40,467)	(55,284)
Legal and other professional fee		-	(41,561)
Other operating expenses		(902,392)	(267,857)
<b>Total operating expenses</b>		<u>(2,301,187)</u>	<u>(3,662,040)</u>
Operating profit		<u>12,832,425</u>	<u>115,180,788</u>
<b>Taxation</b>	6	<u>163,247</u>	<u>(392,578)</u>
<b>Total comprehensive income</b>		<u><u>12,995,672</u></u>	<u><u>114,788,210</u></u>

*The notes on pages 11 to 29 form part of these financial statements*

**CSOP CES CHINA A80 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

*For the year ended 31 December 2015*

	Year ended 31 December 2015 <i>RMB</i>	Year ended 31 December 2014 <i>RMB</i>
Net assets attributable to unitholders at the beginning of the year	199,975,322	308,985,942
Payments on redemption of units	(195,295,650)	(215,818,830)
Net decrease from unit transactions	(195,295,650)	(215,818,830)
Distribution to unitholders	9 (402,000)	(7,980,000)
Total comprehensive income for the year	12,995,672	114,788,210
<b>Net assets attributable to unitholders at the end of the year</b>	<b>17,273,344</b>	<b>199,975,322</b>

*The notes on pages 11 to 29 form part of these financial statements.*

**CSOP CES CHINA A80 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**STATEMENT OF CASH FLOWS**

*For the year ended 31 December 2015*

	Year ended 31 December 2015 RMB	Year ended 31 December 2014 RMB
<b>OPERATING ACTIVITIES</b>		
Payments for purchase of investments	(8,572,189)	(23,549,913)
Proceeds from sale of investments	207,567,274	237,405,451
Dividend received	926,913	7,718,414
Interest received	7,562	12,442
Other income received	728,802	2,111,371
Management fee paid	(603,808)	(2,213,230)
Transaction costs paid	(404,506)	(478,027)
Taxation paid	(110,757)	(815,392)
Other operating expenses paid	(1,852,708)	(1,053,529)
Deposit reserve received	56,815	489,185
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	197,743,396	219,626,772
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>FINANCING ACTIVITIES</b>		
Amounts (paid to)/received from participating dealers in advance	(1,721,845)	1,721,845
Payments on redemption of units	(195,295,650)	(215,818,830)
Distribution paid	(402,000)	(7,980,000)
	<hr/>	<hr/>
<b>Net cash used in from financing activities</b>	(197,419,495)	(222,076,985)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net increase/(decrease) in cash and cash equivalents	323,901	(2,450,213)
Cash and cash equivalents at the beginning of the year	663,671	3,113,884
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	987,572	663,671
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	987,572	663,671
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

*The notes on pages 11 to 29 form part of these financial statements*

**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its a trust deed dated 25 July 2012, as amended (the “Trust Deed”) and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance. The terms of the Trust Deed are governed by the laws of Hong Kong. As at 31 December 2015, the Trust has six sub-funds which are CSOP CES China A80 ETF (the “Sub-Fund”), CSOP FTSE China A50 ETF , CSOP MSCI T50 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF and CSOP MSCI China A International ETF. The date of inception of the Sub-Fund was 27 August 2013. The Sub-Fund is listed on The Stock Exchange of Hong Kong Limited.

The manager and the trustee of the Sub-Fund are CSOP Asset Management Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) respectively.

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the underlying index, namely, CES China A80 Index. In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a full replication strategy by directly investing all, or substantially all, of the assets of the Sub-Fund in index securities constituting the underlying index in substantially the same weightings (i.e. proportions) as these index securities have in the underlying index. The Manager may also use a representative sampling strategy in exceptional circumstances.

Under current regulations in the People’s Republic of China (“PRC”), generally foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a Qualified Foreign Institutional Investor (“QFII”) or a Renminbi Qualified Foreign Institutional Investor (“RQFII”) from the China Securities Regulatory Commission (“CSRC”) and have been granted quota(s) by the State Administration of Foreign Exchange (“SAFE”) of the PRC to remit foreign freely convertible currencies (in the case of a QFII) and Chinese Renminbi (“RMB”) (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets. Foreign investors can also invest in the domestic securities market through Shanghai – Hong Kong Stock Connect Program (“Stock Connect”).

The Sub-Fund obtains exposure to securities issued within the PRC through the RQFII quotas of the Manager. The Manager has obtained RQFII status in the PRC and the RQFII quotas have been granted, on behalf of the Sub-Fund. To the extent that the Manager has, on behalf of the Sub-Fund, utilised its entire RQFII quota, the Manager may, subject to any applicable requirements, apply for an increase of the RQFII quota. On the other hand, the Manager actively manages the RQFII quota obtained and may impose limits on creation applications as it considers appropriate.

These financial statements are prepared for the Sub-Fund only. The financial statements for CSOP FTSE China A50 ETF , CSOP MSCI T50 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF and CSOP MSCI China A International ETF have been prepared separately.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

The financial statements of the Sub-Fund have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments.

**CSOP CES CHINA A80 ETF  
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**NOTES TO THE FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(a) Basis of preparation (Continued)**

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and Manager (together the “Management”) to exercise their judgment in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standard and amendments to existing standards effective 1 January 2015

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a significant impact on the Sub-Fund.

New standard and amendments to standards effective after 1 January 2015 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

HKFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Manager is yet to assess HKFRS 9’s full impact to the Sub-Fund.

HKFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 ‘Revenue’ and HKAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Manager of the Sub-Fund is assessing the impact of HKFRS 15.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the Sub Fund.

**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(b) Investments**

(i) Classification

The Sub-Fund classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by the Management at fair value through profit or loss at inception. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Sub-Fund's documented investment strategies. The Sub-Fund's policies require the Management to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Recognition/derecognition

Purchases and sales of investments are accounted for on the trade date basis. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all investments are measured at fair value. Realised and unrealised gains and losses on investments are recognised in the statement of comprehensive income in the year in which they arise.

(iv) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both listed financial assets and liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using broker quotes or valuation techniques. Details of the fair value estimation of these securities are disclosed in Note 8 (d).

(v) Transfers between levels of the fair value hierarchy

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

**(c) Amounts due from/to participating dealers**

Amounts due from/to participating dealers represent the subscription receivable and redemption payable to the participating dealer at the end of the reporting period. The amounts are non-interest bearing and repayable on demand.

**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Dividend income and interest income**

Dividend income is recorded on the ex-dividend date with the corresponding foreign withholding taxes recorded as an expense.

Interest income is recognised on a time-proportionate basis using the effective interest method.

**(e) Distributions to unitholders**

Distributions to unitholders are recognised in the statement of changes in net assets attributable to unitholders when they are approved by the Manager.

**(f) Other income/expense**

Other income/expense mainly represents the difference between the proceeds received from/paid to participating dealers and cost of investment purchased/sold.

**(g) Transactions costs**

Transactions costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, brokers and dealers. Transactions costs, when incurred, are immediately recognised in profit or loss as an expense.

**(h) Expenses**

Expenses are accounted for on an accrual basis.

**(i) Cash and cash equivalents**

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

**(j) Foreign currencies translation**

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Sub-Fund operates (the “functional currency”). The Sub-Fund invests in A-Shares in the PRC and the performance of the Sub-Fund is measured and reported to the unitholders in RMB. The Manager considers Renminbi as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in RMB, which is the Sub-Fund’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the reporting date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.



**CSOP CES CHINA A80 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(j) Foreign currencies translation (Continued)**

Transactions and balances (Continued)

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gain on investments”.

**(k) Redeemable units**

The Sub-Fund issues redeemable units, which are redeemable at the holder’s option represents puttable financial instruments of the Sub-Fund. The Sub-Fund classifies its puttable financial instruments as equity in accordance with HKAS 32 (Amendment), “Financial instruments: Presentation” as those puttable financial instruments meet all the following criteria.

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Fund.

Units are issued and redeemed at the holder’s option at prices based on the Sub-Fund’s net asset value per unit at the time of issue or redemption. The Sub-Fund’s net asset value per unit is calculated by dividing the net assets attributable to unitholders with the total number of outstanding units.

In accordance with the Prospectus of the Sub-Fund, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and redemptions of the Sub-Fund.

**(l) Taxation**

The Sub-Fund currently incurs withholding taxes imposed by PRC on investment income. Such income is recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included as taxation in the statement of comprehensive income.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**CSOP CES CHINA A80 ETF  
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**NOTES TO THE FINANCIAL STATEMENTS (**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Establishment costs**

Establishment costs are recognized as an expense in the year in which they are incurred.

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Manager makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

**People's Republic of China ("PRC") tax provision**

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.

For the financial year ended 31 December 2014

The Sub-Fund invests in A-Shares securities which are issued within the PRC through the RQFII quotas of the Manager. Under the general taxing provision of PRC Corporate Income Tax Law, a 10% withholding tax may be payable on the gains derived from the sale of A-Shares by RQFIIs. The Manager considered that the enforcement of PRC tax on gains on A-Shares was uncertain for the year ended 31 December 2014 and exercised its judgment when assessing whether the Sub-Fund may be liable for taxation on its gains, the amount of potential tax liability and the probability of such tax charges being levied up to 31 December 2014. At that time, significant uncertainties existed and estimation of the Manager may substantially differ from the actual events. The Manager considered that its estimation may be impacted by any future clarification by the PRC State Administration of Taxation ("SAT") and the applicability of the arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "Arrangement"), which may be materially different from what the Manager envisioned.

*Reversal of tax provision as at 17 February 2014*

As a result of the development of RQFII regime together with the Manager's accumulated knowledge about withholding income tax ("WIT") on PRC A-Shares; the Manager reassessed the WIT provisioning approach after the year ended 31 December 2013. Having taken and considered independent professional tax advice obtained after the financial year ended 31 December 2013 relating to the Sub-Fund's eligibility to benefit from the Arrangement, and in accordance with such advice, the Manager held a view that the Sub-Fund is a Hong Kong tax resident for the purpose of the Arrangement and should be able to enjoy certain WIT exemption on gross capital gains derived from the alienation of the shares of non-immovable properties-rich China A-Shares companies under Arrangement; the Manager has determined that, with effect from 17 February 2014:

- (i) no WIT provision will be made on the gross unrealised and realised capital gains derived from trading of PRC A-Shares, except for those gross capital gains derived from trading of PRC A-Shares issued by PRC tax resident companies which 50% or more of the PRC tax resident company's assets are comprised, directly or indirectly, of immovable property situated in the PRC within 3 years prior to alienation of their shares by the Sub-Fund (an "immovable properties-rich company").

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**NOTES TO THE FINANCIAL STATEMENTS**

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

**People's Republic of China ("PRC") tax provision (Continued)**

For the financial year ended 31 December 2014 (Continued)

*Reversal of tax provision as at 17 February 2014 (Continued)*

- (ii) a 10% provision for WIT will continue to be made for the gross unrealised and realised capital gains derived by the Sub-Fund from trading of PRC A-Shares issued by PRC tax resident companies which are immovable properties-rich companies.

As a result, the Sub-Fund reversed the WIT provision of RMB488,938 as of 14 February 2014 on 17 February 2014, which was made on the WIT provision on the gross unrealised and realised capital gains of RMB300,042 and RMB188,896 respectively derived from trading of PRC A-Shares issued by PRC tax resident companies which are not immovable properties-rich companies.

*Notice issued on 14 November 2014*

On 14 November 2014, the Ministry of Finance of the PRC (the "MoF"), the SAT and the China Securities Regulatory Commission (the "CSRC") jointly issued the "Notice on temporary exemption of Corporate Income Tax on capital gains derived from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII" ("the "Notice").

According to the Notice, amongst other things:

- (i) QFIIs and RQFIIs, which do not have an establishment or place of business in the PRC or have an establishment or place in the PRC but the income so derived in the PRC is not effectively connected with such establishment, will be temporarily exempt from corporate income tax on gains derived from the transfer of PRC equity investment assets (including China A-Shares) effective from 17 November 2014;
- (ii) PRC corporate income tax will be imposed on gains by QFIIs and RQFIIs from transfer of equity investment assets (including China A-Shares) realised prior to 17 November 2014 in accordance with laws.

As a result of the issue of the Notice, the Manager has decided on the following changes to the tax provisioning policy of the Sub-Fund:

- (i) The Sub-Fund has ceased to provide PRC withholding income tax for realised gains on investments in China A-Shares on or after 17 November 2014;
- (ii) No PRC withholding income tax provision is made for unrealized gains for China A-shares. The tax provision made in relation to unrealised gains on the Fund's investments in China A-Shares issued by PRC tax resident companies which are immovable properties-rich companies of RMB156,044 has been released on 17 November 2014; and
- (iii) The Sub-Fund has made capital gains tax provision for the gross realised gains derived from trading of China A-Shares, since the Sub-Fund's inception date of 27 August 2013 up to and including 14 November 2014, in the amount of RMB258,089. This excludes the realised gains derived from the Sub-Fund's trading of A-Shares issued by immovable properties-rich companies (for which the capital gain tax provision of RMB15,915 had already been made for the period from 27 August 2013 (date of inception) up to and including 14 November 2014 previously). The total capital gains tax provision in relation to A-Shares investments of the Sub-Fund amounted to RMB274,004 representing 0.14% of the net assets attributable to unitholders of the Sub-Fund as at 31 December 2014. Refer to Note 6 for more details.

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**NOTES TO THE FINANCIAL STATEMENTS**

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

**People's Republic of China ("PRC") tax provision (Continued)**

For the financial year ended 31 December 2015

On 1 April 2015, the Third Branch of Shanghai Municipal Office, SAT (the "Authority") and the Third Branch of Shanghai Bureau of Local Taxation jointly issued the Notice on Tax Issues to notify that the QFII/RQFII shall declare and handle with the tax-related issues concerning the gains from transfer of equity investment assets, including A-Shares, realised prior to 17 November 2014 to the Authority before 30 September 2015 in accordance with the relevant PRC tax law and the Notice (the "Tax Reporting"). Those QFII/RQFII's eligible for treaty relief under an applicable tax treaty should follow the requirement of Circular 124 for tax treaty application (the "Tax Treaty Application").

The Manager had made, on behalf of the Sub-Fund, the Tax Reporting for the period from 27 August 2013 (date of inception) to 14 November 2014 inclusively, and applied the Tax Treaty Application for the Sub-Fund in September 2015. The Authority completed the review on the Sub-Fund's Tax Reporting and Tax Treaty Application and issued a document on its official web-site indicating that the Authority agrees with the Sub-Fund's Tax Treaty Application submitted. The Authority also issued a PRC tax demand note to the Sub-Fund to settle the PRC WIT on gross realised capital gains derived by the Sub-Fund from trading of PRC A-Shares issued by immovable properties-rich companies only for the period from 27 August 2013 (date of inception) up to and including 14 November 2014. Out of the PRC tax provision of the Sub-Fund as of 31 December 2014 of RMB274,004, the Sub-Fund settled the relevant PRC WIT liabilities in the amount of RMB15,454 on 8 December 2015 and the Manager reversed the unused WIT provision amounted to RMB258,550 on 17 December 2015.

**4. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT**

The Sub Fund's capital is represented by the units in the Sub-Fund, and shown as "net assets attributable to unitholders" in the statement of financial position. Subscriptions and redemptions of units during the year are shown in the statement of changes in net assets attributable to unitholders. In order to achieve the investment objectives, the Sub-Fund endeavors to invest its capital in accordance with the investment policies, whilst maintaining sufficient liquidity to meet redemption requests.

In accordance with the provisions of the Trust's Trust Deed dated 25 July 2012, as amended, and the Prospectus of the Sub-Fund, investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations.

As stated in Note 2(k), redeemable units of the Sub-Fund are classified as equity and they are carried at the redemption amount that would be payable at the reporting date if the unitholder exercised the right to redeem the units in the Sub-Fund.

The movements of the redeemable units for the year ended 31 December 2015 and 2014 are as follows:

	2015 units	2014 units
Number of units in issue at the beginning of the year	6,300,000	15,300,000
Units redeemed	(5,700,000)	(9,000,000)
	<hr/>	<hr/>
Number of units in issue at the end of the year	600,000	6,300,000
	<hr/> <hr/>	<hr/> <hr/>

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**NOTES TO THE FINANCIAL STATEMENTS**

**4. NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT (Continued)**

	2015 <i>RMB</i>	2014 <i>RMB</i>
Net assets attributable to unitholders as reported in the statement of financial position	17,273,344	199,975,322
Adjustments for unamortized establishment costs	579,665	881,160
	<hr/>	<hr/>
Net asset value in accordance with the Trust's Prospectus	17,853,009	200,856,482
	<hr/> <hr/>	<hr/> <hr/>
Net assets attributable to unitholders per unit 31 December (per statement of financial position)	28.7889	31.7421
	<hr/> <hr/>	<hr/> <hr/>
Net assets attributable to unitholders per unit 31 December (at dealing net asset value)	29.7550	31.8820
	<hr/> <hr/>	<hr/> <hr/>

**5. NET GAIN ON INVESTMENTS**

	2015 <i>RMB</i>	2014 <i>RMB</i>
Net fair value change in unrealised gain/loss in value of investments	(63,276,522)	89,280,884
Net realised gain on sale of investments	76,746,831	19,720,028
	<hr/>	<hr/>
	13,470,309	109,000,912
	<hr/> <hr/>	<hr/> <hr/>

**6. TAXATION**

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

PRC tax

The Sub-Fund invests in A-Shares listed in the PRC and is subjected to 10% withholding tax on dividend income derived from A-Shares. Withholding tax was charged on dividend income received from A-Shares during the period. Refer to Note 3 for PRC withholding tax on gains derived from the sale of A-Shares by QFIIs and RQFIIs.

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**NOTES TO THE FINANCIAL STATEMENTS**

**6. TAXATION (Continued)**

The taxation of the Sub-Fund for the year ended 31 December 2015 and 2014 represents:

	2015 <i>RMB</i>	2014 <i>RMB</i>
Capital gains tax on realised gains on investments	-	290,497
Reversal on capital gain tax	(258,550)	(188,896)
Deferred tax charged on change in unrealised gains on investments	-	156,044
Deferred tax reversed on change in unrealised gains on investments	-	(680,459)
	<u>(258,550)</u>	<u>(422,814)</u>
Withholding tax on dividend income	94,544	814,179
Withholding tax on interest income	759	1,213
	<u>95,303</u>	<u>815,392</u>
Tax (credit)/ expense	<u>(163,247)</u>	<u>392,578</u>

As at 31 December 2015 and 2014, there is no deferred tax liabilities/ assets for the Sub-Fund. The movement in deferred tax liabilities arising from change in unrealised gains on investments during the year ended 31 December 2014 as follows:

	2014 <i>RMB</i>
At the beginning of the year	524,415
Deferred tax charged on change in unrealised gains on investments	156,044
Deferred tax reversed on change in unrealised gains on investments	(680,459)
At the end of the year	<u>-</u>

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

	2015 <i>RMB</i>	2014 <i>RMB</i>
At the beginning of the year	274,004	172,403
Taxation charged to the statement of comprehensive income for the year	95,303	1,105,889
Reversal of current tax liabilities	(258,550)	(188,896)
Tax paid	(110,757)	(815,392)
At the end of the year	<u>-</u>	<u>274,004</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

**7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS**

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Fund and the Trustee, the Manager and their Connected Persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the “SFC Code”). All transactions entered into during the year between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager’s knowledge, the Sub-Fund does not have any other transactions with Connected Persons except for those disclosed below.

**(a) Management fee**

Prior to 1 October 2015

The Manager is entitled to receive a management fee, currently at the rate of 0.89% per annum of the net asset value of the Sub-Fund, exclusive of the Trustee’s and Registrar’s fee accrued daily and calculated as at each dealing day and payable monthly in arrears.

From 1 October 2015

The Manager is entitled to receive a management fee at the rate of 0.89% per annum of the net asset value of the Sub-Fund, inclusive of Trustee fee and Registrar’s fee, accrued daily and calculated as at each dealing day and payable monthly in arrears.

**(b) Trustee fee and Registrar’s fee**

Prior to 1 October 2015

The Trustee is entitled to receive a trustee fee of up to 1% per annum of the net asset value of the Sub-Fund, which accrued daily and calculated as at each dealing day and payable monthly in arrears. For the period from 1 January 2015 to 30 September 2015 and for the year ended 31 December 2014, the trustee fee is calculated as a percentage per annum of the net asset value of the Sub-Fund at the rate as follows, subject to a monthly minimum of RMB40,000:

	Trustee fee percentage per annum
For first RMB200 million	0.16%
For next RMB1,000 million	0.14%
For next RMB1,000 million	0.12%
For next RMB1,000 million	0.10%
Thereafter	0.08%

The Trustee’s fee is inclusive of fees payable to The Hong Kong and Shanghai Banking Corporation Limited (the “Custodian”) and HSBC Bank (China) Company Limited (the “PRC Custodian”).

The Trustee, acting as the Registrar, is also entitled to a fee of RMB120 per participating dealer per transaction.

From 1 October 2015

The Trustee fee and Registrar’s fee are inclusive in the management fee and the Manager will pay the fees of the Trustee and Registrar out of the management fee. Refer to Note 7(a).

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**NOTES TO THE FINANCIAL STATEMENTS**

**7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS (Continued)**

**(c) Financial assets**

The investments and bank balances of the Sub-Fund held with related parties of the Trustee are:

	2015 <i>RMB</i>	2014 <i>RMB</i>
<b>Investments</b>		
HSBC Bank (China) Company Limited	17,442,987	202,967,763
<b>Bank balances</b>		
The Hong Kong and Shanghai Banking Corporation Limited	12,140	439,350
HSBC Bank (China) Company Limited	975,432	224,321
	<u>987,572</u>	<u>663,671</u>

**(d) Amount due to the Manager**

As at 31 December 2015 and 2014, the amount due to the Manager amounted to RMB692,798 (2014: RMB1,269,383) represents the establishment costs paid on behalf of the Sub-Fund by the Manager.

**8. FINANCIAL RISK MANAGEMENT**

The objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the CES China A80 Index. The Sub-Fund's activities may expose it to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Fund invests.

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

**(a) Market risk**

**(i) Market price risk**

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

The Sub-Fund is designated to track the performance of the CES China A80 Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index. The Manager manages the Sub-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 with the characteristics of the tracked index.



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**NOTES TO THE FINANCIAL STATEMENTS**

**8. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Market risk (Continued)**

**(i) Market price risk (Continued)**

As at 31 December, the Sub-Fund's investments were concentrated in the following industries:

	2015		2014	
	Fair value <i>RMB</i>	% of net asset value	Fair value <i>RMB</i>	% of net asset value
Listed equities in PRC – by industry				
Basic materials	343,996	1.99	8,055,858	4.03
Consumer goods	2,525,616	14.62	25,992,190	13.00
Consumer services	348,625	2.02	2,736,300	1.37
Financials	10,055,832	58.22	121,723,375	60.87
Health Care	389,575	2.25	4,336,460	2.17
Industrials	2,526,337	14.63	26,935,714	13.47
Oil & gas	302,893	1.75	4,116,465	2.06
Technology	101,650	0.59	2,123,420	1.06
Telecommunications	171,186	0.99	1,643,400	0.82
Utilities	677,277	3.92	5,304,581	2.65
	<u>17,442,987</u>	<u>100.98</u>	<u>202,967,763</u>	<u>101.50</u>

The Sub-Fund held 77 out of 80 (2014: 80 out of 80) constituent securities comprising the CES China A80 Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the CES China A80 Index.

Sensitivity analysis in the event of a possible change in the index by 10% as estimated by the Manager

As at 31 December 2015, if the CES China A80 Index were to increase by 10% (2014: 10%) with all other variables held constant, this would increase the operating profit for the year by approximately RMB1,692,638 (2014: RMB20,296,776). Conversely, if the CES China A80 Index were to decrease by 10% (2014: 10%), this would decrease the operating profit for the year by an equal amount.

**(ii) Interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow.

As at 31 December 2015 and 2014, interest rate risk arises only from bank balances. As the bank balances held by the Sub-Fund is short term in nature and the interest arising from these interest bearing assets are immaterial, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. As a result, the Manager considers sensitivity analysis of interest rate risk is not necessary to be presented.

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**NOTES TO THE FINANCIAL STATEMENTS**

**8. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Market risk (Continued)**

**(iii) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund is not exposed to currency risk arising from balances and transactions in foreign currencies as the majority of its assets and liabilities are denominated in RMB, the Sub-Fund's functional and presentation currency. As a result, the Management considers sensitivity analysis of currency risk is not necessary to be presented.

**(b) Credit and counterparty risk**

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

The Sub-Fund limits its exposure to credit and counterparty risk by carrying out the majority of its investment transactions and contractual commitment activities with well-established broker-dealers, banks and regulated exchanges with high credit ratings.

All transactions in listed securities are settled or paid for upon delivery using approved and reputable brokers. In addition, the Sub-Fund places bank balances with reputable financial institutions. As such, the Manager does not consider the Sub-Fund to be exposed to significant credit and counterparty risk.

As at 31 December 2015, the Sub-Fund placed bank balances of RMB12,140 (2014: RMB439,350) with The Hong Kong and Shanghai Banking Corporation Limited ("HSBC"), which is the custodian of the Sub-Fund. The S&P credit rating of HSBC is A (2014: AA-).

As at 31 December 2015, the Sub-Fund placed bank balances of RMB975,432 (2014: RMB224,321) and investments of RMB17,442,987 (2014: RMB202,967,763) with HSBC Bank (China) Company Limited ("HSBC China"), which is the PRC custodian of the Sub-Fund. The Moody's credit rating of HSBC China is A1 (2014: A1).

The maximum exposure to credit risk as at 31 December 2015 and 2014 is the carrying amount of the financial assets as shown on the statement of financial position.

The Manager considers that none of assets are impaired nor past due as at 31 December 2015 and 2014.

**(c) Liquidity risk**

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

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

**CSOP CES CHINA A80 ETF  
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**NOTES TO THE FINANCIAL STATEMENTS**

**8. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Liquidity risk (Continued)**

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

	Less than 1 month <i>RMB</i>	1 month to less than 3 months <i>RMB</i>	Over 3 months <i>RMB</i>	Total <i>RMB</i>
<b>As at 31 December 2015</b>				
Management fee payable	12,842	-	-	12,842
Amount due to the Manager	-	-	692,798	692,798
Other accounts payable	-	258,604	207,064	465,668
<b>Contractual cash outflow</b>	<b>12,842</b>	<b>258,604</b>	<b>899,862</b>	<b>1,171,308</b>

	Less than 1 month <i>RMB</i>	1 month to less than 3 months <i>RMB</i>	Over 3 months <i>RMB</i>	Total <i>RMB</i>
<b>As at 31 December 2014</b>				
Amounts due to participating dealers	-	1,721,845	-	1,721,845
Management fee payable	169,167	-	-	169,167
Amount due to the Manager	-	-	1,269,383	1,269,383
Other accounts payable	-	40,120	252,475	292,595
<b>Contractual cash outflow</b>	<b>169,167</b>	<b>1,761,965</b>	<b>1,521,858</b>	<b>3,452,990</b>

Units are redeemed on demand at the unitholder's option. As at 31 December 2015, there were 2 (2014: 1) unitholders holding more than 10% of the Sub-Fund's units.

The Sub-Fund manages its liquidity risk by investing in securities that it expects to be able to liquidate within 7 days or less. The following table illustrates the expected liquidity of assets held:

	Less than 1 month <i>RMB</i>	1 to 12 months <i>RMB</i>	No stated maturity <i>RMB</i>	Total <i>RMB</i>
<b>As at 31 December 2015</b>				
Total assets	17,707,861	102,269	634,522	18,444,652
<b>As at 31 December 2014</b>				
Total assets	203,631,434	67	70,815	203,702,316

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**NOTES TO THE FINANCIAL STATEMENTS**

**8. FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Fair value estimation**

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

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

The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets (by class) measured at fair value at 31 December 2015 and 2014:

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
<b>As at 31 December 2015</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	16,720,289	722,698	-	17,442,987
<b>Total assets</b>	<u>16,720,289</u>	<u>722,698</u>	<u>-</u>	<u>17,442,987</u>
<b>As at 31 December 2014</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	202,967,763	-	-	202,967,763
<b>Total assets</b>	<u>202,967,763</u>	<u>-</u>	<u>-</u>	<u>202,967,763</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**

**8. FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Fair value estimation (Continued)**

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As at 31 December 2015, two (2014: nil) listed equity investments amounted to RMB722,698, represented 4.18% of the net asset value of the Sub-Fund, were suspended for trading due to their voluntary business restructuring. Management has used best estimation and assessed all available information and considers that the last traded price is the best estimation of the fair value of level 2 investments as at 31 December 2015. One of the suspended investments as at 31 December 2015 has been resumed trading before the date of the approval of the financial statements for the year ended 31 December 2015.

The suspended equity investments of RMB722,698 have been classified as level 2 investment as at 31 December 2015. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2015 and 2014, the Sub-Fund did not hold any investments classified in level 3.

The assets and liabilities included in the statement of financial position, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost; their carrying value are, approximation of fair value. There are no other assets and liabilities not carried at fair value but for which fair value is disclosed.

**(e) Capital risk management**

The Sub-Fund's capital is represented by the redeemable units outstanding. The Sub-Fund's objective is to provide investment results that correspond generally to the performance of the respective index. The Manager may:

- Redeem and issue new units on a daily basis in accordance with the constitutive documents of the Sub-Fund;
- Exercise discretion when determining the amount of distributions of the Sub-Fund to the unitholders; and
- Suspend the creation and redemption of units under certain circumstance as currently disclosed in the Prospectus of the Sub-Fund.

**9. DISTRIBUTION**

	2015 RMB	2014 RMB
Final distribution		
RMB 0.67 per unit on 600,000 units (2014: RMB0.70 per unit on 11,400,000 units)	<u>(402,000)</u>	<u>(7,980,000)</u>

The final distribution of RMB0.67 (2014: RMB0.70) per unit on 600,000 (2014: 11,400,000) units outstanding on 29 October 2015 (2014: 7 October 2014) was paid on 10 November 2015 (2014: 27 October 2014).

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**NOTES TO THE FINANCIAL STATEMENTS**

**10. FINANCIAL INSTRUMENTS BY CATEGORY**

As of 31 December 2015 and 2014, other than investments as disclosed in the financial statements which are classified as the financial assets at fair value through profit or loss, all financial assets including deposit reserve, interest receivable and bank balances are categorised as loans and receivables and carried at amortised costs. All the financial liabilities of the Sub-Fund are carried at amortised cost.

The carrying value of the financial assets and liabilities are considered by the Manager to approximate their fair value as they are short term in nature and the effect of discounting is immaterial.

**11. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE**

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds (the "ETF Guidelines"), the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the underlying index, except where the weightings are exceeded as a result of changes in the composition of the underlying index and the excess is only transitional and temporary in nature. The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the year ended 31 December 2015 and 2014.

There were no constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund and their respective weightings of the CES China A80 Index as at 31 December 2015 and 2014.

During the year ended 31 December 2015 net asset value per unit of the CES China A80 Index decreased by 1.43% (2014: increased by 60.08%) while the net asset value per unit of Sub-Fund decreased by 9.30% (2014: increased by 57.18%)

**12. SOFT COMMISSION ARRANGEMENT**

The Manager has entered into soft commission arrangements since 1 October 2015 with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers in consideration of transactions of the Sub-Fund directed to the brokers. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publication; computer hardware and software incidental to the above goods and services.

For the year ended 31 December 2014, the Manager confirms that there has been no soft commission arrangement existing during the year in relation to directing transactions of the Sub-Fund through a broker or dealer.

**13. 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 the Sub-Fund has a single operating segment which is investing in securities. The objectives of the Sub-Fund are to track the performance of the CES China A80 Index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with 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. The Sub-Fund's income is derived from investments in PRC securities which constitute CES China A80 Index, the tracked index.

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**NOTES TO THE FINANCIAL STATEMENTS**

**13. SEGMENT INFORMATION (Continued)**

The total of non-current assets of the Sub-Fund located in PRC in RMB14,000 (2014:RMB70,815). The Sub-Fund has no other assets classified as non-current assets. As at 31 December 2015 and 2014, the Sub-Fund has a diversified portfolio of investments and no single investment accounts for more than 10% of the Sub-Fund's net asset value.

**14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Trustee and the Manager on 27 April 2016.

**CSOP CES CHINA A80 ETF  
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**INVESTMENT PORTFOLIO (Unaudited)**

*As at 31 December 2015*

	Holdings	Fair value RMB	% of net assets
<b>Investments (100.98%)</b>			
<b>Listed Equities (100.98%)</b>			
<b>China (100.98%)</b>			
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	124,900	403,427	2.34
ALUMINUM CORPORATION OF CHINA LTD A SHS ORD NPV	17,900	88,963	0.51
ANHUI CONCH CEMENT COMPANY LTD SHS A ORD CNY1	6,500	111,150	0.64
AVIC AVIATION ENGINE CORPORATION A ORD CNY1	2,500	112,575	0.65
BANK OF BEIJING CO LTD ORD CNY1 CL A	33,165	349,227	2.02
BANK OF CHINA LTD A SHS ORD CNY1	68,900	276,289	1.60
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	76,900	495,236	2.87
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	16,100	89,838	0.52
BEIJING XINWEI TELECOM TECHNOLOGY GROUP CO LTD A SHS ORD CNY1	3,800	101,650	0.59
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	77,600	230,472	1.33
BYD CO LTD A SHRS ORD CNY1	2,015	129,766	0.75
CHINA CITIC BANK CORP A SHRS ORD CNY1	10,400	75,088	0.43
CHINA COAL ENERGY CO ORD SHS A ORD CNY1	6,000	36,300	0.21
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	5,000	67,050	0.39
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	52,000	220,480	1.28
CHINA LIFE INSURANCE CO A SHS ORD NPV	5,444	154,120	0.89
CHINA MERCHANTS BANK A SHR ORD CNY1	33,742	607,018	3.51
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	7,650	166,005	0.96
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	96,594	931,166	5.39
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	15,300	145,962	0.85
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	10,257	296,017	1.71
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	34,300	170,128	0.98
CHINA RAILWAY GROUP LTD A ORD CNY1	18,300	199,836	1.16
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	11,300	152,324	0.88
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	6,500	97,305	0.56
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	30,000	282,000	1.63
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	49,000	310,660	1.80
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	27,700	171,186	0.99
CHINA VANKE CO LTD A SHR ORD CNY1	25,400	620,522	3.59
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	16,132	218,750	1.27
CHONGQING CHANGAN AUTOMOBILE CO LTD A SHR ORD CNY1	7,400	125,578	0.73
CITIC SECURITIES CO LTD A SHR ORD CNY1	25,700	497,295	2.88



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**INVESTMENT PORTFOLIO (Unaudited)**

*As at 31 December 2015*

	Holdings	Fair value RMB	% of net assets
<b>Investments (100.98%) (continued)</b>			
<b>Listed Equities (100.98%) (continued)</b>			
<b>China (100.98%) (continued)</b>			
CRRC CORP LTD A SHR ORD CNY1 (FORMERLY KNOWN AS “CSR CORP LTD A SHR ORD CNY1”)	29,960	384,986	2.23
DAQIN RAILWAY CO LTD A SHS ORD CNY1	19,461	167,754	0.97
FOSHAN HAITIAN FLAVOURING & FOOD COMPANY LTD A SHS ORD CNY1	860	30,401	0.18
FOUNDER SECURITIES COMPANY LIMITED A SHR ORD CNY1	13,400	128,640	0.74
GD POWER DEVELOPMENT CO LTD A SHS ORD CNY1	32,100	126,153	0.73
GF SECURITIES CO LTD A SHR ORD CNY1	9,700	188,665	1.09
GOUSEN SECURITIES CO LTD	4,000	79,000	0.46
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	3,899	46,944	0.27
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	15,700	350,895	2.03
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	5,000	119,500	0.69
HAITONG SECURITIES CO LTD CL A ORD CNY1	26,400	417,648	2.42
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	3,981	136,907	0.79
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD A SHR ORD CNY1	3,233	65,985	0.38
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	13,700	119,601	0.69
HUATAI SECURITIES CO LTD A SHS ORD CNY1	10,622	209,466	1.21
HUAXIA BANK CO LTD A SHR ORD CNY1	17,476	212,159	1.23
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	70,500	322,890	1.87
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	43,600	744,252	4.31
INNER MONGILIA YILI INDUSTRIAL GR CO LTD A SHS ORD CNY1	19,854	326,201	1.89
JIANGSU HENGRUI MEDICINE CO LTD A SHR ORD CNY1	3,885	190,831	1.10
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD A SHS ORD CNY1	1,981	135,778	0.79
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	1,641	358,050	2.07
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	6,937	227,672	1.32
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	2,039	106,456	0.62
PETROCHINA CO LTD A SHRS CNY1	15,900	132,765	0.77
PING AN BANK CO LTD A SHR ORD CNY1	18,691	224,105	1.30
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	35,360	1,272,960	7.37
POLY REAL ESTATE GROUP CO LTD A SHR ORD CNY1	21,109	224,600	1.30
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	13,500	108,405	0.63
QINGDAO HAIER CO LTD A SHR ORD CNY1	10,300	102,176	0.59
SAIC MOTOR CORP LTD A SHR ORD CNY1	10,800	229,176	1.33

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**INVESTMENT PORTFOLIO (Unaudited)**

*As at 31 December 2015*

	<b>Holdings</b>	<b>Fair value RMB</b>	<b>% of net assets</b>
<b>Investments (100.98%) (continued)</b>			
<b>Listed Equities (100.98%) (continued)</b>			
<b>China (100.98%) (continued)</b>			
SANY HEAVY INDUSTRY CO LTD A ORD CNY1	12,400	81,592	0.47
SHAANXI COAL INDUSTRY CO L - A SHRS ORD CNY1	6,500	31,590	0.18
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	9,700	111,938	0.65
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY 1	10,600	68,688	0.40
SHANGHAI ORIENTAL PEARL MEDIA CO LTD A SHS ORD CNY1 (FORMERLY KNOWN AS “BESTV NEW MEDIA CO LTD A SHS ORD CNY1”)	6,000	227,340	1.32
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	30,500	557,235	3.23
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	1,800	71,586	0.41
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	14,600	156,366	0.91
SHENZHEN OVERSEAS CHINESE TOWN CO LTD A SHR ORD CNY1	12,000	105,600	0.61
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	14,500	195,025	1.13
WANDA CINEMA LINE CO LTD ORD CNY1	400	48,000	0.28
WULIANGYE YIBIN CO LTD A SHS ORD CNY1	6,219	169,654	0.98
YUNNAN BAIYAO GROUP CO LTD A SHR ORD CNY1	1,751	127,158	0.74
ZHEJIANG ZHENENG ELECTRIC - A SHRS ORD CNY1	8,920	66,811	0.39
<b>Total investments</b>		17,442,987	100.98
<b>Other net assets</b>		(169,643)	(0.98)
<b>Net assets attributable to unitholders at 31 December 2015</b>		17,273,344	100.00
<b>Total investments, at cost</b>		13,114,818	

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**

*For the year ended 31 December 2015*

	<b>Holdings</b>				<b>31 December 2015</b>
	<b>1 January 2015</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments</b>					
<b>Listed equities</b>					
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	1,017,000	39,300	-	931,400	124,900
ALUMINUM CORPORATION OF CHINA LTD A SHS ORD NPV	150,100	9,200	-	141,400	17,900
ANHUI CONCH CEMENT COMPANY LTD SHS A ORD CNY1	78,300	100	-	71,900	6,500
AVIC AVIATION ENGINE CORPORATION A ORD CNY1	-	2,500	-	-	2,500
BANK OF BEIJING CO LTD ORD CNY1 CL A	248,171	13,200	11,694	239,900	33,165
BANK OF CHINA LTD A SHS ORD CNY1	263,700	239,200	-	434,000	68,900
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	614,900	35,500	-	573,500	76,900
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	193,500	-	-	177,400	16,100
BEIJING XINWEI TELECOM TECHNOLOGY GROUP CO LTD A SHS ORD CNY1	-	4,400	-	600	3,800
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	398,900	43,900	-	365,200	77,600
BYD CO LTD A SHRS ORD CNY1	18,315	900	-	17,200	2,015
CHINA AVIONICS SYSTEMS CO LTD A SHR ORD CNY 1 (FORMERLY KNOWN AS "CHINA AVIC ELECTRONICS CO LTD A SHR ORD CNY1")	20,700	200	-	20,900	-
CHINA CITIC BANK CORP A SHRS ORD CNY1	116,200	2,700	-	108,500	10,400
CHINA CNR CORP LTD A SHS ORD CNY1	293,700	-	-	293,700	-
CHINA COAL ENERGY CO ORD SHS A ORD CNY1	71,700	-	-	65,700	6,000
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	92,000	600	-	87,600	5,000
CHINA CONSTRUCTION BANK A SHS ORD CNY1	375,700	-	-	375,700	-
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	779,500	-	-	727,500	52,000

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**

*For the year ended 31 December 2015*

	<b>Holdings</b>				
	<b>1 January 2015</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>31 December 2015</b>
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
CHINA LIFE INSURANCE CO A SHS ORD NPV	58,744	2,100	-	55,400	5,444
CHINA MERCHANTS BANK A SHR ORD CNY1	646,342	-	-	612,600	33,742
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	90,950	-	-	83,300	7,650
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	1,061,494	53,300	-	1,018,200	96,594
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	-	15,300	-	-	15,300
CHINA NORTHERN RARE EARTH GROUP HIGH- TECH CO LTD A SHR ORD CNY1	56,950	-	5,225	62,175	-
CHINA OILFIELD SERVICES LTD A SHS ORD CNY1	23,200	-	-	23,200	-
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	123,057	100	-	112,900	10,257
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	217,800	38,000	-	221,500	34,300
CHINA RAILWAY GROUP LTD A ORD CNY1	267,800	-	-	249,500	18,300
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	124,400	1,400	-	114,500	11,300
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	129,200	-	-	122,700	6,500
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	287,600	11,000	-	268,600	30,000
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	587,400	-	-	538,400	49,000
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	332,000	-	-	304,300	27,700
CHINA VANKE CO LTD A SHR ORD CNY1	379,900	-	-	354,500	25,400
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	193,832	-	-	177,700	16,132

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**

*For the year ended 31 December 2015*

	<b>Holdings</b>				<b>31 December 2015</b>
	<b>1 January 2015</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
CHONGQING CHANGAN AUTOMOBILE CO LTD A SHR ORD CNY1	88,400	-	-	81,000	7,400
CITIC SECURITIES CO LTD A SHR ORD CNY1	308,200	-	-	282,500	25,700
CRRC CORP LTD A SHR ORD CNY1 (FORMERLY KNOWN AS “CSR CORP LTD A SHR ORD CNY1”)	341,300	32,560	-	343,900	29,960
DAQIN RAILWAY CO LTD A SHS ORD CNY1	232,861	-	-	213,400	19,461
FOSHAN HAITIAN FLAVOURING & FOOD COMPANY LTD A SHS ORD CNY1	5,900	300	1,760	7,100	860
FOUNDER SECURITIES COMPANY LIMITED A SHR ORD CNY1	-	29,400	-	16,000	13,400
GD POWER DEVELOPMENT CO LTD A SHS ORD CNY1	337,400	31,700	-	337,000	32,100
GF SECURITIES CO LTD A SHR ORD CNY1	115,900	-	-	106,200	9,700
GOERTEK INC A SHS ORD CNY1	29,895	-	-	29,895	-
GOUSEN SECURITIES CO LTD	-	8,500	-	4,500	4,000
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	15,733	-	2,666	14,500	3,899
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	94,200	-	16,700	95,200	15,700
GUANGHUI ENERGY CO LTD A SHS ORD CNY1	122,720	-	-	122,720	-
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	-	5,000	-	-	5,000
HAITONG SECURITIES CO LTD CL A ORD CNY1	316,900	100	-	290,600	26,400
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	47,181	-	-	43,200	3,981
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD A SHR ORD CNY1	25,889	-	2,444	25,100	3,233
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	164,500	-	-	150,800	13,700

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**

*For the year ended 31 December 2015*

	<b>Holdings</b>				
	<b>1 January 2015</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>31 December 2015</b>
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
HUATAI SECURITIES CO LTD A SHS ORD CNY1	109,622	2,600	-	101,600	10,622
HUAXIA BANK CO LTD A SHR ORD CNY1	174,313	-	6,163	163,000	17,476
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	675,400	50,600	-	655,500	70,500
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	447,700	5,800	-	409,900	43,600
INNER MONGILIA YILI INDUSTRIAL GR CO LTD A SHS ORD CNY1	119,977	-	21,977	122,100	19,854
JIANGSU HENGRUI MEDICINE CO LTD A SHR ORD CNY1	29,473	2,700	1,612	29,900	3,885
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD A SHS ORD CNY1	12,601	600	880	12,100	1,981
KANGMEI PHARMACEUTICAL CO LTD A SHR ORD CNY1	60,300	200	-	60,500	-
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	17,928	400	313	17,000	1,641
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	136,937	-	-	130,000	6,937
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	32,639	100	-	30,700	2,039
PETROCHINA CO LTD A SHRS CNY1	152,300	13,400	-	149,800	15,900
PING AN BANK CO LTD A SHR ORD CNY1	223,676	-	16,715	221,700	18,691
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	187,430	15,500	18,630	186,200	35,360
POLY REAL ESTATE GROUP CO LTD A SHR ORD CNY1	252,109	100	-	231,100	21,109
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	-	28,600	-	15,100	13,500
QINGDAO HAIER CO LTD A SHR ORD CNY1	59,600	-	10,500	59,800	10,300
SAIC MOTOR CORP LTD A SHR ORD CNY1	129,500	-	-	118,700	10,800
SANY HEAVY INDUSTRY CO LTD A ORD CNY1	119,300	4,600	-	111,500	12,400

**CSOP CES CHINA A80 ETF  
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**

*For the year ended 31 December 2015*

	<b>Holdings</b>				
	<b>Corporate</b>				
	<b>1 January 2015</b>	<b>Additions</b>	<b>actions</b>	<b>Disposals</b>	<b>31 December 2015</b>
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
SHAANXI COAL INDUSTRY CO L - A SHRS ORD CNY1	18,600	10,600	-	22,700	6,500
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	77,200	6,400	-	73,900	9,700
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY 1	178,200	2,200	-	169,800	10,600
SHANGHAI ORIENTAL PEARL MEDIA CO LTD A SHS ORD CNY1 (FORMERLY KNOWN AS "BESTV NEW MEDIA CO LTD A SHS ORD CNY1")	26,200	5,800	-	26,000	6,000
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	438,300	-	-	407,800	30,500
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	-	1,900	900	1,000	1,800
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	-	30,800	-	16,200	14,600
SHENZHEN OVERSEAS CHINESE TOWN CO LTD A SHR ORD CNY1	142,400	-	-	130,400	12,000
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	173,500	-	-	159,000	14,500
TASLY PHARMACEUTICAL CO LTD A SHR ORD CNY1	24,300	300	-	24,600	-
WANDA CINEMA LINE CO LTD ORD CNY1	-	400	-	-	400
WULIANGYE YIBIN CO LTD A SHS ORD CNY1	74,319	-	-	68,100	6,219
YANTAI JEREH OILFIELD SERVICES GROUP CO LTD A SHR ORD CNY1	18,800	-	-	18,800	-
YUNNAN BAIYAO GROUP CO LTD A SHR ORD CNY1	20,351	500	-	19,100	1,751
ZHEJIANG DAHUA TECHNOLOGY CO LTD A SHS ORD CNY1	22,900	100	-	23,000	-
ZHEJIANG ZHENENG ELECTRIC - A SHRS ORD CNY1	30,920	13,400	-	35,400	8,920
ZIJIN MINING GROUP CO LTD A SHR ORD CNY0.1	309,500	9,100	-	318,600	-
ZTE CORPORATION A SHR ORD CNY1	76,971	100	2,714	79,785	-

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**PERFORMANCE RECORD (Unaudited)**

	Net asset value of the Sub-Fund <i>RMB</i>	Net asset value per unit <i>RMB</i>
At the end of financial year/period dated		
31 December 2015	17,273,344	28.7889
31 December 2014	199,975,322	31.7421
31 December 2013	308,985,942	20.1952

**Highest and lowest net asset value per unit**

	Highest net asset value per unit <i>RMB</i>	Lowest net asset value per unit <i>RMB</i>
Financial year/period ended		
31 December 2015	43.2883	24.6799
31 December 2014	31.8820	17.9974
31 December 2013 (since 27 August 2013 (date of inception))	22.0972	19.8677



**CSOP CES CHINA A80 ETF  
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**MANAGEMENT AND ADMINISTRATION**

**Manager and RQFII Holder**

CSOP Asset Management Limited  
Suite 2801 - 2803, Two Exchange Square  
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Hong Kong

**Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

**Custodian**

The Hong Kong and Shanghai Banking Corporation  
Limited  
1 Queen's Road Central  
Hong Kong

**PRC Custodian**

HSBC Bank (China) Company Limited  
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Shanghai ifc, 8 Century Avenue,  
Pudong, Shanghai, China 200120

**Service Agent**

HK Conversion Agency Services Limited  
1st Floor, One & Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

**Listing Agent**

Oriental Patron Asia Limited  
27th Floor, Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

**Directors of the Manager**

Benoit Descourtieux  
Chen Ding  
Gaobo Zhang  
Liangyu Gao  
Haipeng Li  
Xiaosong Yang (resigned on 31 March 2015)  
Zhongping Cai  
Zengtao Wu (appointed on 15 April 2015)

**Legal Adviser to the Manager**

Deacons  
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18 Chater Road  
Central  
Hong Kong

**Auditor**

PricewaterhouseCoopers  
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