



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

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

Semi-Annual Report  
FOR THE PERIOD ENDED 30 JUNE 2016

**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 30 June 2016.

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 30 June 2016, the dealing Net Asset Value (“NAV”) per unit of the CSOP A80 ETF was RMB24.3685 and there were 450,000 units outstanding. The total asset under management was approximately RMB11.0 million.

During the period from 1 January 2016 to 30 June 2016, the dealing NAV of CSOP A80 ETF RMB counter (stock code 83137) performed -18.10% while the price return index performed -11.70%. 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 -16.13%.

Exchange Liquidity

Since inception, the CSOP A80 ETF has attracted great investor attention from investors across the globe. The trading value of the HKD counter (stock code: 03137) remained steadily at an average daily turnover of HKD66,651 in June 2016. 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 six semi-annual index rebalances.

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**CONDENSED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2016*

	<i>Notes</i>	30 June 2016 (Unaudited) <i>RMB</i>	31 December 2015 (Audited) <i>RMB</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Deposit reserve		14,000	14,000
<b>CURRENT ASSETS</b>			
Investments	<i>7(c),8(a)</i>	10,619,926	17,442,987
Interest receivable		15	93
Bank balances	<i>7(c)</i>	122,763	987,572
		<u>10,742,704</u>	<u>18,430,652</u>
<b>Total assets</b>		<u>10,756,704</u>	<u>18,444,652</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Management fee payable	<i>7(a)</i>	7,609	12,842
Amount due to the Manager	<i>7(d)</i>	-	692,798
Other accounts payable		299,419	465,668
		<u>307,028</u>	<u>1,171,308</u>
<b>Total liabilities</b>		<u>307,028</u>	<u>1,171,308</u>
<b>EQUITY</b>			
Net assets attributable to unitholders	<i>4</i>	<u>10,449,676</u>	<u>17,273,344</u>

*The notes on pages 6 to 20 form part of these unaudited condensed financial statements.*

**CSOP CES CHINA A80 ETF**  
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**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

*For the period ended 30 June 2016*

	<i>Notes</i>	Period from 1 January 2016 to 30 June 2016 (Unaudited) <i>RMB</i>	Period from 1 January 2015 to 30 June 2015 (Unaudited) <i>RMB</i>
<b>INCOME</b>			
Dividend income		110,210	474,212
Interest income		338	5,816
Net (loss)/gain on investments	5	(2,338,476)	18,025,524
Other income		5,240	653,626
<b>Total net (loss)/income</b>		<u>(2,222,688)</u>	<u>19,159,178</u>
<b>EXPENSES</b>			
Management fee	7(a)	(53,667)	(356,652)
Trustee fee	7(b)	(2,526)	(240,000)
Transaction costs on investments		(10,595)	(357,383)
Audit fee		(92,153)	1,688
Safe custody and bank charges		(20,158)	(25,840)
Legal and other professional fee		(206,159)	-
Other operating expenses		(424,202)	(456,906)
<b>Total operating expenses</b>		<u>(809,460)</u>	<u>(1,435,093)</u>
Operating (loss)/profit		<u>(3,032,148)</u>	<u>17,724,085</u>
<b>Taxation</b>	6	<u>(11,190)</u>	<u>(48,521)</u>
<b>Total comprehensive income</b>		<u><u>(3,043,338)</u></u>	<u><u>17,675,564</u></u>

*The notes on pages 6 to 20 form part of these unaudited condensed financial statements*

**CSOP CES CHINA A80 ETF**  
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**CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**

*For the period ended 30 June 2016*

	Period from 1 January 2016 to 30 June 2016 (Unaudited) <i>RMB</i>	Period from 1 January 2015 to 30 June 2015 (Unaudited) <i>RMB</i>
Net assets attributable to unitholders at the beginning of the period	17,273,344	199,975,322
	-----	-----
Payments on redemption of units	(3,780,330)	(174,154,470)
	-----	-----
Net decrease from unit transactions	(3,780,330)	(174,154,470)
	-----	-----
Total comprehensive income for the period	(3,043,338)	17,675,564
	-----	-----
<b>Net assets attributable to unitholders at the end of the period</b>	<b>10,449,676</b>	<b>43,496,416</b>
	=====	=====

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**CSOP CES CHINA A80 ETF**  
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**CONDENSED STATEMENT OF CASH FLOWS**

*For the period ended 30 June 2016*

	Period from 1 January 2016 to 30 June 2016 (Unaudited) <i>RMB</i>	Period from 1 January 2015 to 30 June 2015 (Unaudited) <i>RMB</i>
<b>OPERATING ACTIVITIES</b>		
Payments for purchase of investments	(764,854)	(6,699,524)
Proceeds from sale of investments	5,249,439	183,791,174
Dividend received	110,210	474,212
Interest received	416	5,786
Other income received	5,240	653,626
Management fee paid	(58,900)	(491,048)
Transaction costs paid	(10,595)	(357,383)
Taxation paid	(11,190)	(48,521)
Other operating expenses paid	(1,604,245)	(859,598)
Deposit reserve received	-	56,815
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	2,915,521	176,525,539
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>FINANCING ACTIVITIES</b>		
Amounts paid to participating dealers in advance	-	(1,721,845)
Payments on redemption of units	(3,780,330)	(174,154,470)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(3,780,330)	(175,876,315)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net (decrease)/increase in cash and cash equivalents	(864,809)	649,224
Cash and cash equivalents at the beginning of the period	987,572	663,671
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	122,763	1,312,895
	<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	122,763	1,312,895
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*The notes on pages 6 to 20 form part of these unaudited condensed financial statements*

**CSOP CES CHINA A80 ETF  
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**NOTES TO THE UNAUDITED CONDENSED 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 30 June 2016, 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 condensed financial statements are prepared for the Sub-Fund only. The condensed 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 condensed financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

These condensed semi-annual financial statements for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed semi-annual financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in the annual financial statements.



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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

Standard and amendments to existing standards effective 1 January 2016

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 January 2016 that would be expected to have a significant impact on the Sub-Fund.

New standard and amendments to standards effective after 1 January 2016 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.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**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 period are outlined below.

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

In preparing these condensed 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.

*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 unrealised gains for China A-shares.

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").

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

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

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 condensed statement of financial position. Subscriptions and redemptions of units during the period are shown in the condensed 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.

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 are as follows:

	Period from 1 January 2016 to 30 June 2016 (Unaudited) units	Period from 1 January 2015 to 30 June 2015 (Unaudited) units
Number of units in issue at the beginning of the period	600,000	6,300,000
Units redeemed	(150,000)	(5,100,000)
Number of units in issue at the end of the period	<u>450,000</u>	<u>1,200,000</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

	30 June 2016 (Unaudited) <i>RMB</i>	31 December 2015 (Audited) <i>RMB</i>
Net assets attributable to unitholders as reported in the statement of financial position	10,449,676	17,273,344
Adjustments for unamortised establishment costs	516,151	579,665
Net asset value in accordance with the Trust's Prospectus	<u>10,965,827</u>	<u>17,853,009</u>
Net assets attributable to unitholders per unit (per statement of financial position)	<u>23.2215</u>	<u>28.7889</u>
Net assets attributable to unitholders per unit (at dealing net asset value)	<u>24.3685</u>	<u>29.7550</u>

**5. NET (LOSS)/GAIN ON INVESTMENTS**

	Period from 1 January 2016 to 30 June 2016 (Unaudited) <i>RMB</i>	Period from 1 January 2015 to 30 June 2015 (Unaudited) <i>RMB</i>
Net fair value change in unrealised gain/loss in value of investments	(2,928,669)	(50,823,781)
Net realised gain on sale of investments	590,193	68,849,305
	<u>(2,338,476)</u>	<u>18,025,524</u>

**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 UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**6. TAXATION (Continued)**

The taxation of the Sub-Fund represents:

	Period from 1 January 2016 to 30 June 2016 (Unaudited) <i>RMB</i>	Period from 1 January 2015 to 30 June 2015 (Unaudited) <i>RMB</i>
Withholding tax on dividend income	11,156	47,939
Withholding tax on interest income	34	582
	<hr/>	<hr/>
	11,190	48,521
Taxation	<hr/> <hr/>	<hr/> <hr/>

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

The following is a summary of significant related party transactions entered into during the period 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 period, 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.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

**(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, 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 Hongkong 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).

**(c) Financial assets**

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

	As at 30 June 2016 (Unaudited) RMB	As at 31 December 2015 (Audited) RMB
<b>Investments</b>		
HSBC Bank (China) Company Limited	10,619,926	17,442,987
<b>Bank balances</b>		
The Hongkong and Shanghai Banking Corporation Limited	6,903	12,140
HSBC Bank (China) Company Limited	115,860	975,432
	<u>122,763</u>	<u>987,572</u>

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

As at 30 June 2016, RMBnil is due to the Manager. As at 31 December 2015, the amount due to manager amounted to RMB692,798 represents the establishment costs paid on behalf of the Sub-Fund by the Manager.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**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.

As at 30 June 2016 and 31 December 2015, the Sub-Fund's investments were concentrated in the following industries:

	30 June 2016 (Unaudited)		31 December 2015 (Audited)	
	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	149,980	1.44	343,996	1.99
Consumer goods	1,733,622	16.59	2,525,616	14.62
Consumer services	313,700	3.00	348,625	2.02
Financials	6,229,418	59.61	10,055,832	58.22
Health Care	243,646	2.33	389,575	2.25
Industrials	1,220,967	11.69	2,526,337	14.63
Oil & gas	181,864	1.74	302,893	1.75
Technology	46,384	0.44	101,650	0.59
Telecommunications	69,342	0.66	171,186	0.99
Utilities	431,003	4.13	677,277	3.92
	<u>10,619,926</u>	<u>101.63</u>	<u>17,442,987</u>	<u>100.98</u>

The Sub-Fund held 80 out of 80 (31 December 2015: 77 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.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

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

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

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

As at 30 June 2016, if the CES China A80 Index were to increase by 10% (31 December 2015: 10%) with all other variables held constant, this would increase the operating profit for the period by approximately RMB1,061,993 (31 December 2015: RMB1,692,638). Conversely, if the CES China A80 Index were to decrease by 10% (31 December 2015: 10%), this would decrease the operating profit for the period 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 30 June 2016 and 31 December 2015 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.

**(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.



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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

**(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 30 June 2016, the Sub-Fund placed bank balances of RMB6,903 (31 December 2015: RMB12,140) 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 (31 December 2015: A).

As at 30 June 2016, the Sub-Fund placed bank balances of RMB115,860 (31 December 2015: RMB975,432) and investments of RMB10,619,926 (31 December 2015: RMB17,442,987) 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 (31 December 2015: A1).

The maximum exposure to credit risk as at 30 June 2016 and 31 December 2015 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 30 June 2016 and 31 December 2015.

**(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.

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**NOTES TO THE UNAUDITED CONDENSED 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 30 June 2016</b>				
Management fee payable	7,609	-	-	7,609
Other accounts payable	-	358	299,061	299,419
<b>Contractual cash outflow</b>	<u>7,609</u>	<u>358</u>	<u>299,061</u>	<u>307,028</u>
<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>	<u>12,842</u>	<u>258,604</u>	<u>899,862</u>	<u>1,171,308</u>

Units are redeemed on demand at the unitholder's option. As at 30 June 2016, there were two (31 December 2015: two) 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 30 June 2016</b>				
Total assets	<u>10,095,063</u>	<u>341,391</u>	<u>320,250</u>	<u>10,756,704</u>
<b>As at 31 December 2015</b>				
Total assets	<u>17,707,861</u>	<u>102,269</u>	<u>634,522</u>	<u>18,444,652</u>

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**NOTES TO THE UNAUDITED CONDENSED 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 30 June 2016 and 31 December 2015:

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
<b>As at 30 June 2016</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	9,972,300	51,940	595,686	10,619,926
<b>Total assets</b>	<u>9,972,300</u>	<u>51,940</u>	<u>595,686</u>	<u>10,619,926</u>
<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>

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 UNAUDITED CONDENSED 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. 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 30 June 2016 and 31 December 2015. As at 30 June 2016, one listed equity investment amounted to RMB51,940 representing 0.5% of the net asset value of the Sub-Fund, was suspended for trading. The suspended equity investment of RMB51,940 has been transferred from level 1 to level 2 and classified as level 2 investment as of 30 June 2016. As at 31 December 2015, two listed equity investments amounted to RMB722,698, representing 4.18% of the net asset value of the Sub-Fund, were suspended for trading due to their voluntary business restructuring. The suspended equity investments of RMB722,698 have been classified as level 2 investment 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 investment of RMB 58,608 that resumed trading has been transferred to Level 1 as at 30 June 2016.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or do not trade. As at 30 June 2016, two (as at 31 December 2015: nil) listed equity investments amounted to RMB595,686 were suspended for trading due to voluntary corporation or business restructuring. One of the listed equity which was classified as level 2 investment as at 31 December 2015 amounted to RMB341,376 was suspended for trading and had resumed trading subsequent to the period end. The investment has been transferred from level 2 to level 3 investments. The market price of that listed equity after the trading was resumed had decreased 9.99% from the last traded price prior to its suspension. The other listed equity amounted to RMB254,310 continued to be suspended for trading subsequent to the period end. The investment has been transferred from level 1 to level 3 investments. All of the two investments have been classified as level 3 investments as at 30 June 2016.

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

The following table presents the movement in level 3 investments for the period ended 30 June 2016.

	Equity Investments <i>RMB</i>
Opening balance 31 December 2015	-
Transfer into level 1 to level 3	350,895
Transfer into level 2 to level 3	620,522
Disposals	(19,375)
Acquisitions	-
Net losses recognised in other net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	(356,356)
Closing balance 30 June 2016	<u>595,686</u>
Changes in unrealised gains/losses for the period included in the statement of comprehensive income for investments held at the end of the period	<u>(362,559)</u>

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

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

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

Quantitative information of significant unobservable inputs - level 3

Description	RMB	Valuation technique	Unobservable input	Weighted average input	% of NAV
As at 30 June 2016					
Equity security	341,376	Last transacted price with discount factor	Discount factor	45%	3.27%
Equity security	254,310	Last transacted price with discount factor	Discount factor	10%	2.43%

The assets and liabilities included in the condensed 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**

There is no distribution during the period ended 30 June 2016 and 30 June 2015.

**10. FINANCIAL INSTRUMENTS BY CATEGORY**

As of 30 June 2016 and 31 December 2015, other than investments as disclosed in the condensed 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 are 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.

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**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**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 period/year ended 30 June 2016 and 31 December 2015.

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 30 June 2016 and 31 December 2015.

During the period ended 30 June 2016, net asset value per unit of the CES China A80 Index decreased by 11.7% (during the year ended 31 December 2015: decreased by 1.43%) while the net asset value per unit of Sub-Fund decreased by 19.34% (during the year ended 31 December 2015: decreased by 9.30%).

**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.

**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 condensed statement of financial position and condensed 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.

The total of non-current assets of the Sub-Fund located in PRC in RMB14,000 (31 December 2015:RMB14,000). The Sub-Fund has no other assets classified as non-current assets. As at 30 June 2016 and 31 December 2015, 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.

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**INVESTMENT PORTFOLIO (Unaudited)**

*As at 30 June 2016*

	<b>Holdings</b>	<b>Fair value RMB</b>	<b>% of net assets</b>
<b>Investments (101.63%)</b>			
<b>Listed Equities (101.63%)</b>			
<b>China (101.63%)</b>			
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	82,100	262,720	2.51
ANHUI CONCH CEMENT COMPANY LTD SHS A ORD CNY1	4,500	65,430	0.63
AVIC AVIATION ENGINE CORPORATION A ORD CNY1	1,700	58,905	0.56
BANK OF BEIJING CO LTD ORD CNY1 CL A	21,765	225,703	2.16
BANK OF CHINA LTD A SHS ORD CNY1	45,300	145,413	1.39
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	59,000	332,170	3.18
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	10,600	51,940	0.50
BEIJING XINWEI TELECOM TECHNOLOGY GROUP CO LTD A SHS ORD CNY1	2,600	46,384	0.44
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	51,000	117,810	1.13
BYD CO LTD A SHRS ORD CNY1	1,415	86,329	0.83
CHINA CITIC BANK CORP A SHRS ORD CNY1	6,600	37,422	0.36
CHINA COAL ENERGY CO ORD SHS A ORD CNY1	4,100	21,156	0.20
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	3,400	35,802	0.34
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	34,200	128,592	1.23
CHINA LIFE INSURANCE CO A SHS ORD NPV	3,744	77,950	0.75
CHINA MERCHANTS BANK A SHR ORD CNY1	22,142	387,485	3.71
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	6,250	103,125	0.99
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD ORD CNY1	5,100	72,675	0.70
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	50,794	453,590	4.34
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	10,000	68,300	0.65
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	6,757	182,709	1.75
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	22,600	106,672	1.02
CHINA RAILWAY GROUP LTD A ORD CNY1	12,000	83,640	0.80
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	7,400	73,704	0.71
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	4,400	61,908	0.59
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	20,600	130,398	1.25
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	32,200	171,304	1.64
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	18,200	69,342	0.66
CHINA VANKE CO LTD A SHR ORD CNY1	25,400	341,376	3.27
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	14,132	176,509	1.69
CHONGQING CHANGAN AUTOMOBILE CO LTD A SHR ORD CNY1	4,800	65,616	0.63

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**INVESTMENT PORTFOLIO (Unaudited) (Continued)**

As at 30 June 2016

	Holdings	Fair value RMB	% of net assets
<b>Investments (101.63%) (Continued)</b>			
<b>Listed Equities (101.63%) (Continued)</b>			
<b>China (101.63%) (Continued)</b>			
CITIC SECURITIES CO LTD A SHR ORD CNY1	16,900	274,287	2.62
CRRC CORP LTD A SHR ORD CNY1 (FORMERLY KNOWN AS "CSR CORP LTD A SHR ORD CNY1")	19,660	180,282	1.73
DAQIN RAILWAY CO LTD A SHS ORD CNY1	12,761	82,181	0.79
EAST MONEY INFORMATION CO LTD A SHR ORD CNY1	4,600	102,120	0.98
EVERBRIGHT SECURITIES CO LTD A SHRS ORD CNY1	2,600	44,044	0.42
FOUNDER SECURITIES COMPANY LIMITED A SHR ORD CNY1	8,800	67,408	0.64
GD POWER DEVELOPMENT CO LTD A SHS ORD CNY1	25,300	74,129	0.71
GF SECURITIES CO LTD A SHR ORD CNY1	6,600	110,616	1.06
GOUSEN SECURITIES CO LTD	5,300	91,425	0.87
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	2,699	22,780	0.22
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	14,700	254,310	2.43
GREENLAND HOLDINGS CORPORATION LIMITED A SHRS ORD1 CNY1	800	8,656	0.08
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	3,400	60,486	0.58
HAITONG SECURITIES CO LTD CL A ORD CNY1	17,400	268,308	2.57
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	4,071	87,364	0.84
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD A SHR ORD CNY1	2,233	46,625	0.45
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	9,000	67,680	0.65
HUATAI SECURITIES CO LTD A SHS ORD CNY1	7,022	132,856	1.27
HUAXIA BANK CO LTD A SHR ORD CNY1	11,476	113,498	1.09
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	52,100	231,324	2.21
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	28,600	435,864	4.17
INNER MONGILIA YILI INDUSTRIAL GR CO LTD A SHS ORD CNY1	13,054	217,610	2.08
JIANGSU HENGRUI MEDICINE CO LTD A SHR ORD CNY1	3,102	124,421	1.19
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD A SHS ORD CNY1	1,381	99,322	0.95
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	1,141	333,081	3.19
LESHI INTERNET INFORMATION & TECHNOLOGY (BEIJING) CO LTD A SHR	2,000	105,820	1.01
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	7,105	168,531	1.61
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	1,839	74,296	0.71



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**INVESTMENT PORTFOLIO (Unaudited) (Continued)**  
*As at 30 June 2016*

	<b>Holdings</b>	<b>Fair value RMB</b>	<b>% of net assets</b>
<b>Investments (101.63%) (Continued)</b>			
<b>Listed Equities (101.63%) (Continued)</b>			
<b>China (101.63%) (Continued)</b>			
ORIENT SECURITIES COMPANY LTD A SHRS ORD CNY1	5,700	95,817	0.92
PETROCHINA CO LTD A SHRS CNY1	10,400	75,192	0.72
PING AN BANK CO LTD A SHR ORD CNY1	14,749	128,316	1.23
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	23,260	745,250	7.13
POLY REAL ESTATE GROUP CO LTD A SHR ORD CNY1	13,909	120,035	1.15
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	8,900	50,819	0.49
QINGDAO HAIER CO LTD A SHR ORD CNY1	6,600	58,608	0.56
SAIC MOTOR CORP LTD A SHR ORD CNY1	7,100	144,059	1.38
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	6,300	47,628	0.46
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY 1	7,000	35,700	0.34
SHANGHAI ORIENTAL PEARL MEDIA CO LTD A SHS ORD CNY1 (FORMERLY KNOWN AS “BESTV NEW MEDIA CO LTD A SHS ORD CNY1”)	4,100	99,507	0.95
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	18,590	289,446	2.77
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	1,200	45,216	0.43
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	9,600	80,736	0.77
SHENZHEN OVERSEAS CHINESE TOWN CO LTD A SHR ORD CNY1	7,000	44,800	0.43
SINOPEC OILFIELD SERVICE C-A SHRS ORD CNY1	3,900	14,976	0.14
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	8,000	86,880	0.83
WANDA CINEMA LINE CO LTD ORD CNY1	1,000	79,900	0.76
WULIANGYE YIBIN CO LTD A SHS ORD CNY1	4,219	137,244	1.31
YUNNAN BAIYAO GROUP CO LTD A SHR ORD CNY1	1,151	74,009	0.71
ZHEJIANG ZHENENG ELECTRIC - A SHRS ORD CNY1	8,720	44,385	0.42
<b>Total investments</b>		10,619,926	101.63
<b>Other net liabilities</b>		(170,250)	(1.63)
<b>Net assets attributable to unitholders at 30 June 2016</b>		10,449,676	100.00
<b>Total investments, at cost</b>		9,220,425	

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

*For the period ended 30 June 2016*

	<b>Holdings</b>				<b>30 June 2016</b>
	<b>1 January 2016</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	124,900	-	-	42,800	82,100
ALUMINUM CORPORATION OF CHINA LTD A SHS ORD NPV	17,900	-	-	17,900	-
ANHUI CONCH CEMENT COMPANY LTD SHS A ORD CNY1	6,500	-	-	2,000	4,500
AVIC AVIATION ENGINE CORPORATION A ORD CNY1	2,500	-	-	800	1,700
BANK OF BEIJING CO LTD ORD CNY1 CL A	33,165	-	-	11,400	21,765
BANK OF CHINA LTD A SHS ORD CNY1	68,900	100	-	23,700	45,300
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	76,900	6,200	-	24,100	59,000
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	16,100	-	-	5,500	10,600
BEIJING XINWEI TELECOM TECHNOLOGY GROUP CO LTD A SHS ORD CNY1	3,800	-	-	1,200	2,600
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	77,600	-	-	26,600	51,000
BYD CO LTD A SHRS ORD CNY1	2,015	-	-	600	1,415
CHINA CITIC BANK CORP A SHRS ORD CNY1	10,400	-	-	3,800	6,600
CHINA COAL ENERGY CO ORD SHS A ORD CNY1	6,000	-	-	1,900	4,100
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	5,000	-	-	1,600	3,400
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	52,000	-	-	17,800	34,200
CHINA LIFE INSURANCE CO A SHS ORD NPV	5,444	-	-	1,700	3,744
CHINA MERCHANTS BANK A SHR ORD CNY1	33,742	-	-	11,600	22,142
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	7,650	1,500	-	2,900	6,250

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

*For the period ended 30 June 2016*

	<b>Holdings</b>				<b>30 June 2016</b>
	<b>1 January 2016</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments (Continued)</b>					
<b>Listed equities (Continued)</b>					
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD ORD CNY1	-	5,100	-	-	5,100
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	96,594	100	-	45,900	50,794
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	15,300	-	-	5,300	10,000
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	10,257	-	-	3,500	6,757
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	34,300	-	-	11,700	22,600
CHINA RAILWAY GROUP LTD A ORD CNY1	18,300	-	-	6,300	12,000
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	11,300	-	-	3,900	7,400
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	6,500	-	-	2,100	4,400
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	30,000	-	-	9,400	20,600
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	49,000	-	-	16,800	32,200
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	27,700	-	-	9,500	18,200
CHINA VANKE CO LTD A SHR ORD CNY1	25,400	-	-	-	25,400
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	16,132	3,700	-	5,700	14,132
CHONGQING CHANGAN AUTOMOBILE CO LTD A SHR ORD CNY1	7,400	-	-	2,600	4,800
CITIC SECURITIES CO LTD A SHR ORD CNY1	25,700	-	-	8,800	16,900
CRRP CORP LTD A SHR ORD CNY1 (FORMERLY KNOWN AS “CSR CORP LTD A SHR ORD CNY1”)	29,960	-	-	10,300	19,660
DAQIN RAILWAY CO LTD A SHS ORD CNY1	19,461	-	-	6,700	12,761
RESTRICTED					

**CSOP CES CHINA A80 ETF**  
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)**  
*For the period ended 30 June 2016*

	<b>Holdings</b>				<b>30 June 2016</b>
	<b>1 January 2016</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments (Continued)</b>					
<b>Listed equities (Continued)</b>					
EAST MONEY					
INFORMATION CO LTD A SHR ORD CNY1	-	4,600	-	-	4,600
EVERBRIGHT SECURITIES CO LTD A SHRS ORD CNY1	-	3,700	-	1,100	2,600
FOSHAN HAITIAN FLAVOURING & FOOD COMPANY LTD A SHS ORD CNY1	860	-	-	860	-
FOUNDER SECURITIES COMPANY LIMITED A SHR ORD CNY1	13,400	-	-	4,600	8,800
GD POWER DEVELOPMENT CO LTD A SHS ORD CNY1	32,100	3,300	-	10,100	25,300
GF SECURITIES CO LTD A SHR ORD CNY1	9,700	-	-	3,100	6,600
GOUSEN SECURITIES CO LTD	4,000	2,500	-	1,200	5,300
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	3,899	-	-	1,200	2,699
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	15,700	-	-	1,000	14,700
GREENLAND HOLDINGS CORPORATION LIMITED A SHRS ORD1 CNY1	-	800	-	-	800
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	5,000	-	-	1,600	3,400
HAITONG SECURITIES CO LTD CL A ORD CNY1	26,400	-	-	9,000	17,400
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	3,981	-	1,390	1,300	4,071
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD A SHR ORD CNY1	3,233	-	-	1,000	2,233
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	13,700	-	-	4,700	9,000
HUATAI SECURITIES CO LTD A SHS ORD CNY1	10,622	-	-	3,600	7,022
HUAXIA BANK CO LTD A SHR ORD CNY1	17,476	-	-	6,000	11,476

**CSOP CES CHINA A80 ETF**  
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)**  
*For the period ended 30 June 2016*

	<b>Holdings</b>				<b>30 June 2016</b>
	<b>1 January 2016</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments (Continued)</b>					
<b>Listed equities (Continued)</b>					
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	70,500	3,800	-	22,200	52,100
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	43,600	-	-	15,000	28,600
INNER MONGILIA YILI INDUSTRIAL GR CO LTD A SHS ORD CNY1	19,854	-	-	6,800	13,054
JIANGSU HENGRUI MEDICINE CO LTD A SHR ORD CNY1	3,885	-	517	1,300	3,102
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD A SHS ORD CNY1	1,981	-	-	600	1,381
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	1,641	-	-	500	1,141
LESHI INTERNET INFORMATION & TECHNOLOGY (BEIJING) CO LTD A SHR	-	2,000	-	-	2,000
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	6,937	-	2,368	2,200	7,105
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	2,039	400	-	600	1,839
ORIENT SECURITIES COMPANY LTD A SHRS ORD CNY1	-	6,600	-	900	5,700
PETROCHINA CO LTD A SHRS CNY1	15,900	-	-	5,500	10,400
PING AN BANK CO LTD A SHR ORD CNY1	18,691	-	2,458	6,400	14,749
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	35,360	-	-	12,100	23,260
POLY REAL ESTATE GROUP CO LTD A SHR ORD CNY1	21,109	-	-	7,200	13,909
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	13,500	100	-	4,700	8,900
QINGDAO HAIER CO LTD A SHR ORD CNY1	10,300	-	-	3,700	6,600
SAIC MOTOR CORP LTD A SHR ORD CNY1	10,800	-	-	3,700	7,100

RESTRICTED

**CSOP CES CHINA A80 ETF  
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)**  
For the period ended 30 June 2016

	1 January 2016	Additions	Holdings Corporate actions	Disposals	30 June 2016
<b>Investments (Continued)</b>					
<b>Listed equities (Continued)</b>					
SANY HEAVY INDUSTRY CO LTD A ORD CNY1	12,400	-	-	12,400	-
SHAANXI COAL INDUSTRY CO L - A SHRS ORD CNY1	6,500	-	-	6,500	-
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	9,700	-	-	3,400	6,300
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY 1	10,600	-	-	3,600	7,000
SHANGHAI ORIENTAL PEARL MEDIA CO LTD A SHS ORD CNY1 (FORMERLY KNOWN AS "BESTV NEW MEDIA CO LTD A SHS ORD CNY1")	6,000	-	-	1,900	4,100
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	30,500	1,100	1,690	14,700	18,590
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	1,800	-	-	600	1,200
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	14,600	-	-	5,000	9,600
SHENZHEN OVERSEAS CHINESE TOWN CO LTD A SHR ORD CNY1	12,000	-	-	5,000	7,000
SINOPEC OILFIELD SERVICE C-A SHRS ORD CNY1	-	3,900	-	-	3,900
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	14,500	-	-	6,500	8,000
WANDA CINEMA LINE CO LTD ORD CNY1	400	600	-	-	1,000
WULIANGYE YIBIN CO LTD A SHS ORD CNY1	6,219	-	-	2,000	4,219
YUNNAN BAIYAO GROUP CO LTD A SHR ORD CNY1	1,751	-	-	600	1,151
ZHEJIANG ZHENENG ELECTRIC - A SHRS ORD CNY1	8,920	2,600	-	2,800	8,720

**CSOP CES CHINA A80 ETF  
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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 period/year dated		
30 June 2016	10,449,676	23.2215
31 December 2015	17,273,344	28.7889
31 December 2014	199,975,322	31.7421

**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 period/year ended		
30 June 2016	28.5780	23.0384
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**

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