

ChinaAMC ETF Series

ChinaAMC CES China A80 Index ETF

Annual Report

For the year ended 31 December 2016



华夏基金
ChinaAMC

ANNUAL REPORT

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

For the year ended 31 December 2016

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(a Sub-Fund of ChinaAMC ETF Series)

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IMPORTANT:

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

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

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

MANAGEMENT AND ADMINISTRATION

Manager and RQFII Holder

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

Directors of the Manager

Mr. Yang Minghui
Mr. Zhang Xiaoling
Mr. Gan Tian

Trustee

Cititrust Limited
50/F, Champion Tower¹
Three Garden Road
Central, Hong Kong

PRC Custodian

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

Auditor

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

Investment Adviser

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

Administrator and Custodian

Citibank, N.A.
50/F, Champion Tower¹
Three Garden Road
Central, Hong Kong

Registrar

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

Service Agent

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

Legal Counsel to the Manager

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

¹ Prior to 28 June 2016, Champion Tower was known as Citibank Tower.

MANAGEMENT AND ADMINISTRATION (continued)

Participating Dealers

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

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

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

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

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

Merrill Lynch Far East Limited
15/F, Champion Tower¹
Three Garden Road
Central, Hong Kong

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

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

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

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

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

¹ Prior to 28 June 2016, Champion Tower was known as Citibank Tower.

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

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

The Manager primarily uses a full replication strategy through investing directly in securities included in the Index with substantially the same weightings in which they are included in the Index, through the Renminbi Qualified Foreign Institutional Investor (“RQFII”) investment quota of RMB 50 million (as of 31 December 2016) granted to the Manager by the State Administration of Foreign Exchange (the “SAFE”) and the Stock Connect. The Manager may invest up to 100% of the Sub-Fund’s NAV through either RQFII and/or the Stock Connect.

The Manager may also use a representative sampling strategy where it is not possible to acquire certain securities which are constituents of the Index due to restrictions or limited availability. This means that the Sub-Fund will invest directly in a representative sample of securities that collectively has an investment profile that aims to reflect the profile of the Index, through the RQFII investment quota granted to the Manager by the SAFE and the Stock Connect. The securities constituting the representative sample may or may not themselves be constituents of the Index.

Performance of the Sub-Fund

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

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

	1-Month	3-Months	Since Launch
The Index	-6.46%	3.17%	62.75% ³
RMB Counter of the Sub-Fund (NAV-to-NAV)	-6.81%	2.19%	53.98% ³
RMB Counter of the Sub-Fund (Market-to-Market)	-7.62%	2.11%	50.37% ⁴
HKD Counter of the Sub-Fund (NAV-to-NAV)	-7.71%	-2.00%	35.20% ³
HKD Counter of the Sub-Fund (Market-to-Market)	-7.77%	-1.55%	32.25% ⁴

¹ Source: Bloomberg, as of 31 December 2016. Performances of CES A80 Index and RMB Counter of the Sub-Fund are calculated in RMB while performances of HKD Counter of the Sub-Fund are calculated in HKD.

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

³ Calculated since 23 August 2013

⁴ Calculated since 26 August 2013

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

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

Activities of the Sub-Fund

According to Bloomberg, the average daily trading volume of the Sub-Fund was approximately 381 units from 1 January 2016 to 31 December 2016. As of 31 December 2016, there were 750,000 units outstanding.

Activities of the Index

There were two rebalances for the Index from 1 January 2016 to 31 December 2016. As of 31 December 2016, the Sub-Fund comprised of all 80 constituent stocks in the Index.

China Asset Management (Hong Kong) Limited
21 April 2017

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

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, China Asset Management (Hong Kong) Limited, the Manager of ChinaAMC CES China A80 Index ETF (the "Sub-Fund") has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 28 May 2012, as amended or supplemented from time to time, for the year ended 31 December 2016.

Cititrust Limited
21 April 2017

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

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

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

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

The Trust is an umbrella unit trust governed by its Trust Deed. As at 31 December 2016, the Trust has established with two Sub-Funds.

Trustee's responsibilities

The Trustee of the Sub-Fund is required to:

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

Independent Auditor's Report

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

Opinion

We have audited the financial statements of ChinaAMC CES China A80 Index ETF (a sub-fund of ChinaAMC ETF Series (the "Trust") and referred to as the "Sub-Fund") set out on page 12 to 36, which comprise the statement of financial position as at 31 December 2016, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial disposition of the Sub-Fund as at 31 December 2016, and of its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Sub-Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("the IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We are also required to assess whether the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the trust deed dated 28 May 2012, as amended or supplemented from time to time (the "Trust Deed") and the relevant disclosure provisions specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the "SFC Code"). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent auditor's report (continued)

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of financial assets at fair value through profit or loss	
As at 31 December 2016, financial assets at fair value through profit or loss amounted to RMB7,560,150 which represented 102.14% of the net asset value of the Sub-Fund. These financial assets were listed shares in the Shanghai Stock Exchange or the Shenzhen Stock Exchange and there were 80 constituent listed shares in the Sub-Fund. They were kept by one custodian and measured at fair value. Furthermore, as at 31 December 2016, equity investments amounting to RMB146,369 were suspended shares which represented 1.98% of the net asset value of the Sub-Fund. We focused on this area because financial assets at fair value through profit or loss represented the principal element of the financial statements and significant assumptions and judgement were involved in measuring the fair value of the suspended shares.	<p>We obtained independent confirmation from the custodian and counterparties of the investment portfolio held at 31 December 2016, and agreed the quantities held to the accounting records. We tested the design and operating effectiveness of controls for the valuation of financial instruments. In addition, we checked the valuation of the financial assets at fair value through profit or loss that are quoted in active markets by independently agreeing the valuation of financial assets to third party vendor sources such as Reuters or Bloomberg at 31 December 2016.</p> <p>For suspended shares in which quoted price cannot be obtained, we evaluated the valuation techniques and inputs applied through comparison with the valuation techniques that are commonly used in the market and the validation of observable inputs using external market data. In addition, we evaluated the reasonableness of the assumptions made by the management and we reviewed the financial statement disclosures regarding fair value hierarchy as set out in note 11 to the financial statements.</p>

Other information in the Annual Report

The Manager and Trustee of the Sub-Fund are responsible for the other information. The other information comprises the information included in this annual report, other than the financial statements and our auditor's report thereon ("the Other Information").

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report (continued)

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

Responsibilities of the Manager and Trustee for the financial statements

The Manager and Trustee are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions specified in the SFC Code, and for such internal control as the Manager and the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager and Trustee are responsible for assessing the Sub-Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager and Trustee either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are 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 relevant disclosure provisions of Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and Trustee.

Independent auditor's report (continued)

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

Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Manager and Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager and the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Manager and Trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager and Trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report (continued)

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

Report on matters under the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

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 relevant disclosure provisions specified in Appendix E to the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wong Sui Yan.

Certified Public Accountants
Hong Kong
21 April 2017

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

STATEMENT OF FINANCIAL POSITION

31 December 2016

	Notes	2016 RMB	2015 RMB
ASSETS			
Financial assets at fair value through profit or loss	10	7,560,150	24,321,694
Amount due from the Manager	5	60,685	-
Cash and cash equivalents	12	<u>277,428</u>	<u>262,115</u>
TOTAL ASSETS		<u>7,898,263</u>	<u>24,583,809</u>
LIABILITIES			
Management fee payable	5	4,714	14,694
Custodian, fund administration and trustee fees payable	5	136,134	52,284
Other payables and accruals		<u>355,727</u>	<u>501,875</u>
TOTAL LIABILITIES		<u>496,575</u>	<u>568,853</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u>7,401,688</u>	<u>24,014,956</u>
NUMBER OF UNITS IN ISSUE	9	<u>750,000</u>	<u>2,250,000</u>
NET ASSET VALUE PER UNIT	9	<u>9.8689</u>	<u>10.6733</u>

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

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

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Notes	2016 RMB	2015 RMB
INCOME			
Dividend income		235,805	594,515
Interest income		<u>772</u>	<u>4,119</u>
		<u>236,577</u>	<u>598,634</u>
EXPENSES			
Management fees	5	(69,343)	(177,838)
Brokerage fees		(12,662)	(27,426)
Custodian, fund administration and trustee fees	5	(333,628)	(326,622)
Audit fee		(112,441)	(155,262)
Professional fee		(5,584)	(329,050)
Other operating expenses		<u>(336,919)</u>	<u>(1,047,168)</u>
		<u>(870,577)</u>	<u>(2,063,366)</u>
Investment manager reimbursement of fees	5	<u>730,501</u>	<u>-</u>
		<u>(140,076)</u>	<u>(2,063,366)</u>
PROFIT/(LOSS) BEFORE INVESTMENT AND EXCHANGE DIFFERENCES		96,501	(1,464,732)
INVESTMENT (LOSSES)/GAINS AND EXCHANGE DIFFERENCES			
Net change in unrealised gains or losses on financial assets at fair value through profit or loss		(4,002,906)	(5,666,487)
Net realised gains or losses on financial assets at fair value through profit or loss		1,597,817	11,077,005
Net foreign exchange losses		<u>(445)</u>	<u>(35)</u>
NET INVESTMENTS AND EXCHANGE (LOSSES)/GAINS		<u>(2,405,534)</u>	<u>5,410,483</u>
(LOSS)/PROFIT BEFORE TAX		(2,309,033)	3,945,751
Withholding income tax (expenses)/credit	7	<u>(24,255)</u>	<u>1,416,841</u>
TOTAL COMPREHENSIVE INCOME		<u><u>(2,333,288)</u></u>	<u><u>5,362,592</u></u>

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

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2016

	RMB
At 1 January 2015	24,688,686
Redemption of units	(6,036,322)
Total comprehensive income	<u>5,362,592</u>
At 31 December 2015 and 1 January 2016	24,014,956
Redemption of units	(14,279,980)
Total comprehensive income	<u>(2,333,288)</u>
At 31 December 2016	<u><u>7,401,688</u></u>

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

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

STATEMENT OF CASH FLOWS

Year ended 31 December 2016

	Note	2016 RMB	2015 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax	(	2,309,033)	3,945,751
Adjustments for:			
Net change in unrealised gains or losses on financial assets at fair value through profit or loss		4,002,906	5,666,487
Net realised gains or losses on financial assets at fair value through profit or loss	(	1,597,817)	(11,077,005)
Operating gain/(loss) before changes in working capital		96,056	(1,464,767)
Purchase of financial assets at fair value through profit or loss	(	736,595)	(8,757,516)
Proceeds from sale of financial assets at fair value through profit or loss		15,093,050	25,766,408
Decrease in other receivable		—	9,108
Increase in amount due from the Manager	(	60,685)	—
Decrease in management fee payable	(	9,980)	(274,556)
Increase/(decrease) in custodian, fund administration and trustee fees payable		83,850	(153,239)
(Decrease)/increase in other payables and accruals	(	146,148)	159,680
Cash flows from operations		14,319,548	15,285,118
Tax paid	(	24,255)	(97,429)
Net cash flows from operating activities		14,295,293	15,187,689
CASH FLOWS FROM FINANCING ACTIVITY			
Payments on redemption of units and net cash flows used in financing activity	(	14,279,980)	(15,417,522)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		15,313	(229,833)
Cash and cash equivalents at beginning of year		262,115	491,948
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	277,428	262,115
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash at bank	12	277,428	262,115
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Dividend received net withholding tax		211,622	533,721
Interest received net withholding tax		700	3,708

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

1. THE TRUST

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

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

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

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

2.1 BASIS OF PREPARATION

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Sub-Fund has adopted the following revised IFRSs for the first time for the current year's financial statements, which are applicable to the Sub-Fund.

Amendments to IAS 1	<i>Disclosure Initiative</i>
<i>Annual Improvements</i>	<i>Amendments to a number of IFRSs</i>
<i>2012-2014 Cycle</i>	

The nature and the impact of the amendments are described below:

NOTES TO FINANCIAL STATEMENTS

31 December 2016

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

- (i) the materiality requirements in IAS 1;
- (ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of comprehensive income. The amendments have had no significant impact on the Sub-Fund's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2016, in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

IFRS 9	<i>Financial Instruments</i> ²
IFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to IAS 7	<i>Disclosure Initiative</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Sub-Fund.

The Sub-Fund is currently assessing the impact of IFRS 9, IFRS 15 and amendments to IAS 7, and plans to adopt the new standards on the required effective date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

(i) Classification

The Sub-Fund classifies its financial assets and liabilities into the categories below in accordance with IAS 39.

Financial assets at fair value through profit or loss

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to cash and cash equivalents and amount due from the Manager.

Financial liabilities

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

(ii) Recognition

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

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

NOTES TO FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense.

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

(iv) Subsequent measurement

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

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) Derecognition

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) Derecognition (continued)

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

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

Level 1— Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2— Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3— Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

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

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

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

Offsetting financial instruments

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

Cash and cash equivalents

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units

Redeemable units are classified as an equity instrument when:

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

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

- (a) Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund, and
- (b) The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

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

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

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

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

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

Dividend income

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income and expense

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

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

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

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

Net realised gains or losses on disposal of financial investment

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

Foreign currency

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

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

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

Functional currency

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

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

Taxes

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND CHANGES IN ACCOUNTING ESTIMATES

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

Going concern

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

Taxation

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

NOTES TO FINANCIAL STATEMENTS

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

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund, the Trustee and the Manager and their connected persons. Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund, the Manager and their connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for those disclosed below:

Expenses borne by the Manager

The prospectus of the Sub-Fund (the "Prospectus") stated that it is the Manager's current intention to cap the ongoing charges of each class of Units of the Sub-Fund at 3.00% of the average net asset value published from 1 January 2016 to 31 December 2016 ("Average Net Asset Value") per unit of the Sub-Fund; any ongoing charges in excess of such figure as at the end of the reporting period will be borne by the Manager. The Manager has an absolute discretion to set the ongoing charges cap in respect of the units of the Sub-Fund at a rate below 3.00% of the Average Net Asset Value per unit.

The amount of expenses incurred by the Sub-Fund and borne by the Manager for the year ended 31 December 2016 was RMB730,501 (2015: nil). As at 31 December 2016, the amount due from the Manager was RMB60,685 (2015: nil).

Management fees

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

The management fees incurred during the year ended 31 December 2016 were RMB69,343 (2015: RMB177,838). As at 31 December 2016, a management fee of RMB4,714 (2015: RMB14,694) was payable to the Manager.

Custodian, fund administration and trustee fees

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

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

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

The custodian, fund administration and trustee fees for the year ended 31 December 2016 were RMB333,628 (2015: RMB326,622). As at 31 December 2016, custodian, fund administration and trustee fees of RMB136,134 (2015: RMB52,284) and nil transaction fee (2015: nil) were payable to the Trustee.

NOTES TO FINANCIAL STATEMENTS

31 December 2016

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

Cash and cash equivalents

Bank balances are maintained with the Administrator and Custodian and the PRC Custodian of the Sub-Fund. Bank balances deposited with the Administrator and Custodian and the PRC Custodian at 31 December 2016 and 31 December 2015 are summarised below:

	2016 RMB	2015 RMB
Cash at bank	<u>277,428</u>	<u>262,115</u>

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

6. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund during the year ended 31 December 2016 and 31 December 2015. The Manager and its connected persons have not retained any cash rebates from any broker or dealer.

7. TAXATION

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

Withholding income tax provision for capital gains tax

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

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

In 2016, no PRC withholding income tax credit on capital gains, including unrealised gains and realised gains was recognised by the Sub-Fund for the year ended 31 December 2016 (2015: credit of RMB1,478,047).

Distribution tax

A ten per-cent (10%) PRC WIT has been levied on dividend and interest payments from PRC-listed companies to foreign investors. The Sub-Fund is subject to a distribution tax of ten per-cent (10%). There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future. The distribution tax expense provided for the year ended 31 December 2016 was RMB24,255 (2015: credit of RMB61,206).

NOTES TO FINANCIAL STATEMENTS

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8. DISTRIBUTION

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

The Sub-Fund did not make any distribution during the year ended 31 December 2016 and 31 December 2015.

9. THE REDEEMABLE UNITS

	2016 Number of units	2015 Number of units
Units in issue at the beginning of the year	2,250,000	2,400,000
Redemption of units	(1,500,000)	(150,000)
Units in issue at the end of the year	<u>750,000</u>	<u>2,250,000</u>
	At last trade market price RMB	At last trade market price RMB
Dealing net asset value at the end of the year	<u>7,401,688</u>	<u>24,014,956</u>
Dealing net asset value per unit at the end of the year	<u>9.8689</u>	<u>10.6733</u>

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

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

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 RMB	2015 RMB
Financial assets designated as at fair value through profit or loss:		
Listed equity securities	<u>7,560,150</u>	<u>24,321,694</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2016

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows an analysis of the Sub-Fund's financial assets measured at fair value at 31 December 2016 and 31 December 2015:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
2016				
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	<u>7,414</u>	<u>–</u>	<u>146</u>	<u>7,560</u>
2015				
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	<u>23,335</u>	<u>131</u>	<u>856</u>	<u>24,322</u>

Transfers between Level 1 and Level 2

As at 31 December 2016, no listed equity security was reclassified from Level 1 to Level 2.

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

The following table shows the total amount of all transfers of financial assets at fair value through profit or loss from Level 1 to Level 2 of the fair value hierarchy:

	Transfer from Level 1 to Level 2	
	2016 RMB'000	2015 RMB'000
Financial assets designated as at fair value through profit or loss		
- Listed equity securities	<u>–</u>	<u>131</u>

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

Transfers between Level 1 and Level 3

As at 31 December 2016, the Sub-Fund reclassified four listed equity securities from Level 1 to Level 3 following the suspension of trading of financial instruments. Those financial assets are namely (1) Shenwan Hongyuan Group Co Ltd (stock code: 000166), (2) Beijing Xinwei Technology Group Co Ltd (stock code: 600485), (3) Leshi Internet Information & Technology Corp Beijing (stock code: 300104), (4) Shanghai Electric Group Co Ltd (stock code: 601727).

NOTES TO FINANCIAL STATEMENTS

31 December 2016

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Transfers between Level 1 and Level 3 (continued)

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

	Transfer from Level 1 to Level 3	
	2016	2015
	RMB'000	RMB'000
Financial assets designated as at fair value through profit or loss		
- Listed equity securities	146	856

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

Valuation techniques

Level 1

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

Level 2

In 2015, due to the absence of a quoted price in an active market, the Manager applied market approach in which they used the last traded price before the trading suspension as there was no expected material gap-down. Adjustments were made to the valuations when necessary to recognise the differences of timing between the date of suspension and resumption which was within a reasonable time and the price fluctuation when the investments resume trading subsequent to the period end. To the extent that the significant inputs were observable, the Sub-Fund categorised these investments as Level 2.

Starting from 2016, the Manager has adopted Index Return Method to perform valuation for suspended investments. As the model incorporates unobservable inputs, whether resumed or not, the suspended investments are classified as Level 3. Hence, no investments are classified as Level 2 in 2016.

Level 3

In 2015, the fair value of suspended investments which do not resume trading in a short period of time subsequent to period end, for which there is an absence of quoted prices, the fair value was estimated by the Manager using the Index Return Method and then adjusting the last traded price by applying the index return of the corresponding sector of that suspended investments since the suspension date. Such valuation method is generally accepted in the industry. The model incorporates unobservable inputs which include the relevant industry index. The Sub-Fund classifies the fair value of these investments as Level 3.

NOTES TO FINANCIAL STATEMENTS

31 December 2016

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation techniques (continued)

Level 3 (continued)

In 2016, the valuation of suspended investment is performed on a daily basis by the portfolio manager of the Manager and reviewed by the senior management of the Manager and the Trustee. The fair value was estimated by the Manager using the Index Return Method and then adjusting the last traded price by applying available data of the corresponding sector of that suspended investments since the suspension date. Such valuation method is generally accepted in the industry. The model incorporates unobservable inputs which include the relevant industry index. Hence, the Sub-Fund classifies the fair value of these investments as Level 3.

Quantitative information of significant unobservable inputs - Level 3

Description <u>31 December 2016</u>	RMB	Valuation technique	Unobservable input
Equity investment	146,369	Index Return Method	Return on relevant industry index (-7.97% to 0.75%)
<u>31 December 2015</u>			
Equity investment	855,734	Index Return Method	Return on relevant industry index (-3.68%)

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

As at 31 December 2016

	Input	Change in return of the relevant industry index	Effect on the fair value of investments RMB	Effect on the net assets attributable to unitholders RMB
Equity securities	AMAC Index	5%	7,318	7,318
	AMAC Index	(5%)	(7,318)	(7,318)

As at 31 December 2015

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 for the year ended 31 December 2016 and 31 December 2015:

	Financial assets designated as at fair value through profit or loss	
	Equity securities	
	2016	2015
	RMB	RMB
At 1 January	855,734	—
Transfer into Level 3	146,369	855,734
Total gains and losses in profit or loss	(135,909)	—
Sales	(526,080)	—
Transfer out from Level 3	(193,745)	—
At 31 December	<u>146,369</u>	<u>855,734</u>
Total gains and losses for the year included in net change in unrealised (losses)/gains on financial assets at fair value through profit or loss for the year	<u>(129,511)</u>	<u>503,094</u>

12. CASH AND CASH EQUIVALENTS

	2016	2015
	RMB	RMB
Cash at bank	<u>277,428</u>	<u>262,115</u>

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

13. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

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

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

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

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 Index as at 31 December 2016.

NOTES TO FINANCIAL STATEMENTS

31 December 2016

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risk management

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

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

(a) Market risk

(i) Equity price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, either caused by factors specific to the individual instrument or factors affecting all instruments in the market.

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

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

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

	2016		2015	
	Fair value RMB	% of net asset value	Fair value RMB	% of net asset value
A-Shares holdings – by sectors				
Consumer				
Discretionary	770,455	10.41%	2,455,093	10.23%
Consumer Staples	579,905	7.83%	1,485,389	6.18%
Energy	198,417	2.68%	645,941	2.69%
Financial Services	3,906,857	52.78%	12,992,751	54.11%
Healthcare Services	177,579	2.40%	528,528	2.20%
Industrials	823,589	11.13%	2,828,222	11.77%
Information				
Technology	266,840	3.61%	647,065	2.70%
Materials	139,426	1.88%	401,445	1.67%
Real Estate	366,363	4.95%	1,165,773	4.85%
Telecommunications	86,061	1.16%	236,527	0.99%
Utilities	244,658	3.31%	934,960	3.89%
	7,560,150	102.14%	24,321,694	101.28%

NOTES TO FINANCIAL STATEMENTS

31 December 2016

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

Risk management (continued)

(a) Market risk (continued)

(i) Equity price risk (continued)

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

As at 31 December 2016, if the Index was to increase by 5% (2015: 5%) with all other variables held constant, this would increase the pre-tax profit for the year by approximately RMB0.4 million (2015: RMB1.2 million). Conversely, if the Index was to decrease by 5% (2015: 5%), this would decrease the pre-tax profit for the year by an approximately equal amount.

(ii) Interest rate risk

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

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

(iii) Currency risk

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

Approximately 100% (2015: 100%) of the Sub-Fund's sales and purchases were denominated in RMB, the Sub-Fund's functional currency. Assets and liabilities held by the Sub-Fund are mainly denominated in RMB. Therefore, the Manager considers the Sub-Fund is not exposed to significant currency risk and no sensitivity analysis is presented.

NOTES TO FINANCIAL STATEMENTS

31 December 2016

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

Risk management (continued)

(b) Credit and counterparty risk

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

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

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

31 December 2016

	RMB	Credit rating	Source of credit rating
<u>Banks</u>			
Citibank, N.A.	205,376	A+	S&P
Citibank (China) Co., Limited	72,052	A+	S&P

PRC Custodian

Citibank (China) Co., Limited	7,560,150	A+	S&P
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31 December 2015

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

PRC Custodian

Citibank (China) Co., Limited	24,321,694	A	S&P
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The Sub-Fund's maximum exposure to credit risk at the end of the reporting period is the carrying amount of total assets as shown on the statement of financial position.

(c) Liquidity risk

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

As at 31 December 2016 and 31 December 2015, the Sub-Fund held liquid assets, comprising financial assets at fair value through profit or loss, other receivable and cash and cash equivalents that are expected to readily generate cash inflows for managing liquidity risk.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

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

Risk management (continued)

(c) Liquidity risk (continued)

At 31 December 2016

	Due on demand RMB'000	Due within 1 month RMB'000	1 month to 1 year RMB'000	Total RMB'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	–	7,414	146	7,560
Amount due from the Manager	–	61	–	61
Cash and cash equivalents	277	–	–	277
Total financial assets	<u>277</u>	<u>7,475</u>	<u>146</u>	<u>7,898</u>
<u>Financial liabilities</u>				
Management fee payable	–	5	–	5
Custodian, fund administration and trustee fees payable	–	136	–	136
Other payables and accruals	–	–	356	356
Total financial liabilities	<u>–</u>	<u>141</u>	<u>356</u>	<u>497</u>

At 31 December 2015

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

NOTES TO FINANCIAL STATEMENTS

31 December 2016

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

Capital management

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

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

15. SEGMENT INFORMATION

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

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

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

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

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

16. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, there was no subscription or redemption the Sub-Fund.

On 19 January 2017, the Manager announced a change to the investment strategy of the Sub-Fund. The Sub-Fund will utilise Shenzhen-Hong Kong Stock Connect to invest in A Shares with effective from 16 January 2017.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 21 April 2017.

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

INVESTMENT PORTFOLIO

31 December 2016

	Holdings Shares	Market Value RMB	% of NAV
<u>Financial assets at fair value through profit or loss</u>			
<u>Listed Securities</u>			
<u>China</u>			
Consumer Discretionary			
BYD Co Ltd	799	39,694	0.53%
Chongqing Changan Automobile Co Ltd	2,679	40,024	0.54%
Great Wall Motor Co Ltd	1,537	16,999	0.23%
Gree Electric Appliances Inc of Zhuhai	7,021	172,857	2.34%
Midea Group Co Ltd	6,226	175,386	2.37%
Qingdao Haier Co Ltd	4,248	41,971	0.57%
SAIC Motor Corp Ltd	4,728	110,873	1.50%
Shanghai Oriental Pearl Media Co Ltd	1,800	41,940	0.57%
Shenzhen Overseas Chinese Town Co Ltd	4,793	33,311	0.45%
Suning Commerce Group Co Ltd	5,201	59,551	0.80%
Wanda Cinema Line Co Ltd	700	37,849	0.51%
Consumer Staples			
Henan Shuanghui Investment & Development Co Ltd	1,444	30,223	0.41%
Inner Mongolia Yili Industrial Group Co Ltd	8,380	147,488	1.99%
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	926	65,376	0.88%
Kweichow Moutai Co Ltd	743	248,273	3.35%
Wuliangye Yibin Co Ltd	2,568	88,545	1.20%
Energy			
China Petroleum & Chemical Corp	15,569	84,228	1.14%
China Shenhua Energy Co Ltd	2,940	47,569	0.64%
PetroChina Co Ltd	7,039	55,960	0.76%
Sinopec Oilfield Service Corp	2,600	10,660	0.14%
Financials			
Agricultural Bank of China Ltd	53,924	167,164	2.26%
Bank of Beijing Co Ltd	17,387	169,697	2.29%
Bank of China Ltd	31,332	107,782	1.46%
Bank of Communications Co Ltd	39,264	226,553	3.06%
China CITIC Bank Corp Ltd	4,576	29,332	0.40%
China Everbright Bank Co Ltd	23,756	92,886	1.25%
China Life Insurance Co Ltd	2,516	60,610	0.82%
China Merchants Bank Co Ltd	14,565	256,344	3.46%
China Merchants Securities Co Ltd	3,217	52,534	0.71%
China Minsheng Banking Corp Ltd	32,884	298,587	4.03%
China Pacific Insurance Group Co Ltd	4,586	127,353	1.72%
CITIC Securities Co Ltd	10,931	175,552	2.37%
Everbright Securities Co Ltd	2,700	43,173	0.58%
Founder Securities Co Ltd	6,580	50,008	0.68%

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

INVESTMENT PORTFOLIO (continued)

31 December 2016

	Holdings Shares	Market Value RMB	% of NAV
<u>Financial assets at fair value through profit or loss</u> (continued)			
<u>Listed securities (continued)</u>			
<u>China (continued)</u>			
Financials (continued)			
GF Securities Co Ltd	4,355	73,425	0.99%
Guosen Securities Co Ltd	3,549	55,187	0.75%
Guotai Junan Securities Co Ltd	6,400	118,976	1.61%
Haitong Securities Co Ltd	11,434	180,086	2.43%
Huatai Securities Co Ltd	4,749	84,817	1.15%
Huaxia Bank Co Ltd	7,716	83,719	1.13%
Industrial & Commercial Bank of China Ltd	29,970	132,168	1.79%
Industrial Bank Co Ltd	18,846	304,175	4.11%
New China Life Insurance Co Ltd	1,226	53,674	0.72%
Orient Securities Co Ltd	4,300	66,779	0.90%
Ping An Bank Co Ltd	11,961	108,845	1.47%
Ping An Insurance Group Co of China Ltd	15,001	531,485	7.18%
Shanghai Pudong Development Bank Co Ltd	12,374	200,583	2.71%
Shenwan Hongyuan Group Co Ltd	8,944	55,363	0.75%
Health Care			
Jiangsu Hengrui Medicine Co Ltd	1,958	89,089	1.20%
Shanghai RAAS Blood Products Co Ltd	1,415	32,672	0.44%
Yunnan Baiyao Group Co Ltd	733	55,818	0.76%
Industrials			
Avic Aviation Engine Corp PLC	1,100	36,014	0.48%
China Communications Construction Co Ltd	2,669	40,542	0.55%
China Railway Group Ltd	10,345	91,657	1.24%
China Railway Construction Corp Ltd	6,370	76,185	1.03%
China Shipbuilding Industry Co Ltd	13,748	97,473	1.32%
CRRC Corp Ltd	12,781	124,870	1.69%
China State Construction Engineering Corp Ltd	20,799	184,279	2.49%
Daqin Railway Co Ltd	8,656	61,284	0.83%
Power Construction Corp of China Ltd	6,614	48,018	0.65%
Shanghai Electric Group Co Ltd	4,300	36,464	0.49%
Shanghai International Port Group Co Ltd	5,235	26,803	0.36%
Information Technology			
Beijing Xinwei Technology Group Co Ltd	1,700	24,752	0.34%
BOE Technology Group Co Ltd	33,031	94,469	1.28%
East Money Information Co Ltd	3,100	52,483	0.71%
Focus Media Information Technology Co Ltd	800	11,416	0.15%

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

INVESTMENT PORTFOLIO (continued)

31 December 2016

	Holdings Shares	Market Value RMB	% of NAV
<u>Financial assets at fair value through profit or loss (continued)</u>			
<u>Listed securities (continued)</u>			
<u>China (continued)</u>			
Information Technology (continued)			
Hangzhou Hikvision Digital Technology Co Ltd	2,265	53,930	0.73%
Leshi Internet Information & Technology Corp Beijing	900	29,790	0.40%
Materials			
Anhui Conch Cement Co Ltd	3,022	51,253	0.69%
Baoshan Iron & Steel Co Ltd	7,910	50,229	0.68%
Inner Mongolia BaoTou Steel Union Co Ltd	13,600	37,944	0.51%
Real Estate			
China Merchants Shekou Industry	3,300	54,087	0.73%
China Vanke Co Ltd	9,428	193,745	2.62%
Greenland Holdings Corp Ltd	3,400	29,614	0.40%
Poly Real Estate Group Co Ltd	9,739	88,917	1.20%
Telecommunication Services			
China United Network Communications Ltd	11,773	86,061	1.16%
Utilities			
China National Nuclear Power Co Ltd	7,000	49,420	0.67%
China Yangtze Power Co Ltd	9,745	123,372	1.67%
GD Power Development Co Ltd	15,358	48,685	0.66%
Zhejiang Zheneng Electric Power Co Ltd	4,269	23,181	0.31%
TOTAL INVESTMENTS, AT FAIR VALUE		7,560,150	102.14%
TOTAL INVESTMENTS, AT COST		6,436,978	

MOVEMENTS IN INVESTMENT PORTFOLIO

31 December 2016

INVESTMENTS

	Holdings as at 1 January 2016	Additions	Corporate Action	Disposals	Holdings as at 31 December 2016
<u>Financial assets at fair value through profit or loss</u>					
Listed Securities					
Agricultural Bank of China Ltd	172,524	—	—	118,600	53,924
Aluminum Corp of China Ltd	24,684	—	—	24,684	—
Anhui Conch Cement Co Ltd	9,022	—	—	6,000	3,022
Avic Aviation Engine Corp PLC	3,500	—	—	2,400	1,100
Bank of Beijing Co Ltd	45,689	—	2,898	31,200	17,387
Bank of China Ltd	95,132	—	—	63,800	31,332
Bank of Communications Co Ltd	106,264	5,100	—	72,100	39,264
Baoshan Iron & Steel Co Ltd	22,310	—	—	14,400	7,910
Beijing Xinwei Technology Group Co Ltd	5,200	—	—	3,500	1,700
BOE Technology Group Co Ltd	107,231	—	—	74,200	33,031
BYD Co Ltd	2,799	—	—	2,000	799
China CITIC Bank Corp Ltd	14,376	—	—	9,800	4,576
China Coal Energy Co Ltd	8,196	—	—	8,196	—
China Communications Construction Co Ltd	6,869	—	—	4,200	2,669
China Everbright Bank Co Ltd	71,856	—	—	48,100	23,756
China Life Insurance Co Ltd	7,516	—	—	5,000	2,516
China Merchants Bank Co Ltd	46,565	—	—	32,000	14,565
China Merchants Securities Co Ltd	12,817	—	—	9,600	3,217
China Merchants Shekou Industry	—	3,300	—	—	3,300
China Minsheng Banking Corp Ltd	133,384	—	—	100,500	32,884
China National Nuclear Power Co Ltd	21,000	—	—	14,000	7,000
China Pacific Insurance Group Co Ltd	14,186	—	—	9,600	4,586
China Petroleum & Chemical Corp	47,469	—	—	31,900	15,569
China Railway Construction Corp Ltd	15,570	1,400	—	10,600	6,370
China Railway Group Ltd	25,245	1,700	—	16,600	10,345
China Shenhua Energy Co Ltd	8,940	—	—	6,000	2,940
China Shipbuilding Industry Co Ltd	41,448	—	—	27,700	13,748
China State Construction Engineering Corp Ltd	67,699	—	—	46,900	20,799
China United Network Communications Ltd	38,273	—	—	26,500	11,773
China Vanke Co Ltd	35,028	—	—	25,600	9,428
China Yangtze Power Co Ltd	22,345	2,500	—	15,100	9,745
Chongqing Changan Automobile Co Ltd	10,179	—	—	7,500	2,679

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2016

INVESTMENTS (continued)

	Holdings as at 1 January 2016	Additions	Corporate Action	Disposals	Holdings as at 31 December 2016
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities (continued)					
CITIC Securities Co Ltd	35,531	—	—	24,600	10,931
CRRC Corp Ltd	41,381	—	—	28,600	12,781
Daqin Railway Co Ltd	26,856	—	—	18,200	8,656
East Money Information Co Ltd	—	3,100	—	—	3,100
Everbright Securities Co Ltd	5,200	1,000	—	3,500	2,700
Focus Media Information Technology Co Ltd	—	800	—	—	800
Foshan Haitian Flavouring & Food Co Ltd	1,180	—	—	1,180	—
Founder Securities Co Ltd	18,580	—	—	12,000	6,580
GD Power Development Co Ltd	44,358	—	—	29,000	15,358
GF Securities Co Ltd	13,355	—	—	9,000	4,355
Great Wall Motor Co Ltd	5,437	—	—	3,900	1,537
Gree Electric Appliances Inc of Zhuhai	21,721	—	—	14,700	7,021
Greenland Holdings Corp Ltd	—	3,400	—	—	3,400
Guosen Securities Co Ltd	5,549	2,000	—	4,000	3,549
Guotai Junan Securities Co Ltd	6,800	3,800	—	4,200	6,400
Haitong Securities Co Ltd	36,534	—	—	25,100	11,434
Hangzhou Hikvision Digital Technology Co Ltd	5,510	—	755	4,000	2,265
Henan Shuanghui Investment & Development Co Ltd	4,444	—	—	3,000	1,444
Huaneng Power International Inc	18,946	—	—	18,946	—
Huatai Securities Co Ltd	14,749	—	—	10,000	4,749
Huaxia Bank Co Ltd	24,116	—	—	16,400	7,716
Industrial & Commercial Bank of China Ltd	97,370	3,400	—	70,800	29,970
Industrial Bank Co Ltd	60,146	—	—	41,300	18,846
Inner Mongolia BaoTou Steel Union Co Ltd	—	13,600	—	—	13,600
Inner Mongolia Yili Industrial Group Co Ltd	27,380	—	—	19,000	8,380
Jiangsu Hengrui Medicine Co Ltd	5,298	—	360	3,700	1,958
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	2,626	300	—	2,000	926
Kweichow Moutai Co Ltd	2,243	—	—	1,500	743
Leshi Internet Information & Technology Corp Beijing	—	900	—	—	900

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2016

INVESTMENTS (continued)

	Holdings as at 1 January 2016	Additions	Corporate Action	Disposals	Holdings as at 31 December 2016
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities (continued)					
Midea Group Co Ltd	9,551	1,500	1,575	6,400	6,226
New China Life Insurance Co Ltd	2,826	400	—	2,000	1,226
Orient Securities Co Ltd	4,400	2,900	—	3,000	4,300
PetroChina Co Ltd	21,939	—	—	14,900	7,039
Ping An Bank Co Ltd	25,834	2,200	1,627	17,700	11,961
Ping An Insurance Group Co of China Ltd	48,901	—	—	33,900	15,001
Poly Real Estate Group Co Ltd	29,139	—	—	19,400	9,739
Power Construction Corp of China Ltd	18,614	—	—	12,000	6,614
Qingdao Haier Co Ltd	13,248	—	—	9,000	4,248
SAIC Motor Corp Ltd	14,928	—	—	10,200	4,728
Sany Heavy Industry Co Ltd	17,187	—	—	17,187	—
Shaanxi Coal Industry Co Ltd	9,030	—	—	9,030	—
Shanghai Electric Group Co Ltd	13,300	—	—	9,000	4,300
Shanghai International Port Group Co Ltd	14,635	—	—	9,400	5,235
Shanghai Oriental Pearl Media Co Ltd	8,300	—	—	6,500	1,800
Shanghai Pudong Development Bank Co Ltd	42,104	—	1,370	31,100	12,374
Shanghai RAAS Blood Products Co Ltd	2,486	300	629	2,000	1,415
Shenwan Hongyuan Group Co	20,125	—	2,319	13,500	8,944
Shenzhen Overseas Chinese Town Co Ltd	16,593	—	—	11,800	4,793
Sinopec Oilfield Service Corp	—	2,600	—	—	2,600
Suning Commerce Group Co Ltd	20,001	—	—	14,800	5,201
Wanda Cinema Line Co Ltd	500	700	—	500	700
Wuliangye Yibin Co Ltd	8,568	—	—	6,000	2,568
Yunnan Baiyao Group Co Ltd	2,333	400	—	2,000	733
Zhejiang Zheneng Electric Power Co Ltd	12,269	—	—	8,000	4,269

PERFORMANCE RECORD

31 December 2016

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

	Net assets attributable to unitholders RMB	Net asset value per unit RMB
As at:		
31 December 2016	7,401,688	9.8689
31 December 2015	24,014,956	10.6733
31 December 2014	24,688,686	10.2870

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

	Highest issue unit price RMB	Lowest redemption unit price RMB
During the year/period ended:		
31 December 2016	11.1551	8.6884
31 December 2015	14.7503	8.4411
31 December 2014	10.5237	5.9045
31 December 2013 ^B	7.4234	6.4855

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

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

	The Index (since 23 August 2013)	RMB counter of the Sub-Fund (since 26 August 2013)	HKD counter of the Sub-Fund (since 26 August 2013)
During the year/period ended:			
31 December 2016	49.21%	50.37%	32.25%
31 December 2015	58.93%	57.46%	45.48%
31 December 2014	61.23%	54.20%	51.04%
31 December 2013 ^B	0.72%	-3.69%	-3.13%

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

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

