



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

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

Reports and Financial Statements  
FOR THE YEAR ENDED 31 DECEMBER 2016

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

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

**REPORT OF THE MANAGER TO THE UNITHOLDERS**

Introduction

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

The CSOP A80 ETF is a physical ETF which invests directly in the A80 Index securities through the RQFII quotas of the Manager. Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets. Meanwhile, from 17 November 2014, foreign investors can trade eligible stocks listed in Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect. The Manager has obtained RQFII status and the total RQFII quotas obtained by the Manager amount to RMB46.1 billion as of 31 December 2016.

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

Capital Gains Tax (“CGT”) Treatment

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

Sub-Fund Performance

The CSOP A80 ETF seeks to provide investment results, before fees and expenses, which closely correspond to the performance of the Index. As of 30 December 2016 (last trading date), the dealing Net Asset Value (“NAV”) per unit of the CSOP A80 ETF was RMB25.5077 and there were 300,000 units outstanding. The total asset under management was approximately RMB7.3 million.

For the period from 1 January 2016 to 30 December 2016 (last trading date), the dealing NAV of CSOP A80 ETF performed -14.27% while the price return index performed -6.12%. The difference in performance between the NAV of the CSOP A80 ETF and the price return index is mainly attributed to dividends paid to unitholders, fees and expenses, including tax on dividends. In the secondary market, YTD Price return of the RMB counter (stock code 83137) was -16.30%.

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

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

Exchange Liquidity

Since inception, the CSOP A80 ETF has attracted great investor attention from investors across the globe. The trading value of the RMB counter (stock code: 83137) remained steadily at an average daily turnover of RMB0.17 million in December 2016. The trading value of the HKD counter (stock code: 03137) remained steadily at an average daily turnover of HKD0.11 million in December 2016. The trading volume for the CSOP A80 ETF reflected strong interest in the CSOP A80 ETF.

Portfolio Rebalance

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

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

**REPORT OF THE TRUSTEE TO THE UNITHOLDERS**

We hereby confirm that, in our opinion, the Manager of the CSOP CES China A80 ETF (the “Sub-Fund”), a sub-fund of CSOP ETF Series, has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 25 July 2012, as amended, for the year ended 31 December 2016.

HSBC Institutional Trust Services (Asia) Limited  
28 April 2017

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

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

**MANAGER'S RESPONSIBILITIES**

The Manager of the CSOP CES China A80 ETF (the "Sub-Fund"), a sub-fund of CSOP ETF Series, is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong and the Trust Deed dated 25 July 2012, as amended, (the "Trust Deed") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of the year and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

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

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

CSOP ETF Series (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31 December 2016, the Trust has established seven sub-funds, namely, CSOP CES China A80 ETF, CSOP FTSE China A50 ETF, CSOP MSCI T50 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF, CSOP MSCI China A International ETF and CSOP S&P New China Sectors ETF.

**TRUSTEE'S RESPONSIBILITIES**

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund in all material respects is managed in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period should the Manager not managing the Sub-Fund in accordance to the Trust Deed.

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

**Report on the Audit of the Financial Statements**

**Opinion**

*What we have audited*

The financial statements of CSOP CES China A80 ETF (the "Sub-Fund"), a sub-fund of CSOP ETF Series, set out on pages 9 to 32, which comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

*Our opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2016, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Basis for Opinion**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. 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.

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

**Key Audit Matters (Continued)**

Key audit matters identified in our audit are summarised as follows:

<b>Key Audit Matters</b>	<b>How our audit addressed the Key Audit Matters</b>
<p><u>Existence and valuation of investments</u></p> <p>The Sub-Fund's investments as at 31 December 2016 were mainly comprised of listed equities of companies in the People's Republic of China, valued at RMB7,498,524. These investments held by the Sub-Fund include listed equities of RMB204,006 which have been suspended from trading as at 31 December 2016.</p> <p>We focused on the existence and valuation of the investments because the investments represented the principal element of the Sub-Fund's net asset value. In addition, we also focused on the valuation of listed equities which have been suspended from trading as at 31 December 2016 because the judgement made by the Manager in determining their fair values involved a high degree of subjectivity.</p> <p>Refer to note 8 to the financial statements.</p>	<p>We agreed the existence of the Sub-Fund's holdings of investments by obtaining a direct confirmation from the custodian and checking the confirmation to the Sub-Fund's records. Based on the procedures we performed, we found the Sub-Fund's holdings of investments to be in agreement with the confirmation received.</p> <p>We agreed the valuation of the Sub-Fund's investments by comparing the pricing used by the Manager to the publicly available external pricing sources as at 31 December 2016. We found no material exceptions from our testing.</p> <p>In addition, for investments which have been suspended from trading as at the year end, we assessed the appropriateness of the valuation methodology adopted by the Manager. We also assessed the judgements made in determining the valuation of these investments by considering factors which may impact their fair values, including the duration of the suspension period, the relevant market information and news of the suspended listed equities, the price movement of comparable listed equities/index during the suspension period and if applicable, the market prices of the suspended listed equities upon resumption of trading after year end.</p> <p>Based on the procedures we performed, we found the judgements made by the Manager in determining the valuation of the investments to be supported by available evidence.</p>

**Other Information**

The trustee and the manager (the "Management") of the Sub-Fund are responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and our auditor's report thereon.

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

**Responsibilities of Management for the Financial Statements**

The Management of the Sub-Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management of the Sub-Fund is 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 Management either intends to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 25 July 2012, as amended ("Trust Deed") and the Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

**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 an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 SFC Code.

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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 Management.
- Conclude on the appropriateness of the Management'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.

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

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- 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 Management 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 Management 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 Management, 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.

**Report on Matters Under the Relevant Disclosure Provisions of the Trust Deed and 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 SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Li, Lien.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 28 April 2017

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

**STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2016*

	<i>Notes</i>	2016 <i>RMB</i>	2015 <i>RMB</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Deposit reserve		14,000	14,000
<b>CURRENT ASSETS</b>			
Investments	7(c),8(a)	7,498,524	17,442,987
Interest receivable		6	93
Prepayment		13,464	-
Bank balances	7(c)	22,904	987,572
		<u>7,534,898</u>	<u>18,430,652</u>
<b>Total assets</b>		<u>7,548,898</u>	<u>18,444,652</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Management fee payable	7(a)	6,242	12,842
Amount due to the Manager	7(d)	-	692,798
Other accounts payable		256,022	465,668
		<u>262,264</u>	<u>1,171,308</u>
<b>Total liabilities</b>		<u>262,264</u>	<u>1,171,308</u>
<b>EQUITY</b>			
<b>Net assets attributable to unitholders</b>	4	<u>7,286,634</u>	<u>17,273,344</u>

The financial statements on pages 9 to 32 were approved by the Trustee and the Manager on 28 April 2017 and were signed on their behalf.

For and on behalf of

For and on behalf of

CSOP Asset Management Limited  
as the Manager

HSBC Institutional Trust Services (Asia) Limited  
as the Trustee

*The notes on pages 13 to 32 form part of these financial statements.*

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

**STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2016*

	<i>Notes</i>	Year ended 31 December 2016 <i>RMB</i>	Year ended 31 December 2015 <i>RMB</i>
<b>INCOME</b>			
Dividend income		328,872	926,913
Interest income	7(c)	594	7,588
Net (loss)/gain on investments	5	(1,232,897)	13,470,309
Other income		25,532	728,802
		<hr/>	<hr/>
<b>Total net (loss)/income</b>		(877,899)	15,133,612
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>EXPENSES</b>			
Management fee	7(a)	(100,425)	(447,483)
Trustee fee	7(b)	-	(360,000)
Transaction costs of investments		(20,638)	(404,506)
Audit fee		(185,162)	(146,339)
Safe custody and bank charges		(27,231)	(40,467)
Legal and other professional fee		(206,159)	-
Other operating expenses		(456,719)	(902,392)
		<hr/>	<hr/>
<b>Total operating expenses</b>		(996,334)	(2,301,187)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Operating (loss)/profit		(1,874,233)	12,832,425
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Taxation</b>	6	(33,852)	163,247
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total comprehensive income</b>		(1,908,085)	12,995,672
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

*The notes on pages 13 to 32 form part of these financial statements*

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

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

*For the year ended 31 December 2016*

	<i>Note</i>	Year ended 31 December 2016 <i>RMB</i>	Year ended 31 December 2015 <i>RMB</i>
Net assets attributable to unitholders at the beginning of the year		17,273,344	199,975,322
Payments on redemption of units		(7,777,125)	(195,295,650)
Net decrease from unit transactions		(7,777,125)	(195,295,650)
Distribution to unitholders	9	(301,500)	(402,000)
Total comprehensive income for the year		(1,908,085)	12,995,672
<b>Net assets attributable to unitholders at the end of the year</b>		<b>7,286,634</b>	<b>17,273,344</b>

*The notes on pages 13 to 32 form part of these financial statements.*

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

**STATEMENT OF CASH FLOWS**

*For the year ended 31 December 2016*

	Year ended 31 December 2016 <i>RMB</i>	Year ended 31 December 2015 <i>RMB</i>
<b>OPERATING ACTIVITIES</b>		
Payments for purchase of investments	(1,505,977)	(8,572,189)
Proceeds from sale of investments	10,217,543	207,567,274
Dividend received	328,872	926,913
Interest received	681	7,562
Other income received	25,532	728,802
Management fee paid	(107,311)	(603,808)
Transaction costs paid	(20,638)	(404,506)
Taxation paid	(33,852)	(110,757)
Other operating expenses paid	(1,777,429)	(1,852,710)
Deposit reserve received	-	56,815
Prepayment paid	(13,464)	-
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	7,113,957	197,743,396
	-----	-----
<b>FINANCING ACTIVITIES</b>		
Payments on redemption of units	(7,777,125)	(197,017,495)
Distribution paid	(301,500)	(402,000)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(8,078,625)	(197,419,495)
	-----	-----
Net (decrease)/ increase in cash and cash equivalents	(964,668)	323,901
Cash and cash equivalents at the beginning of the year	987,572	663,671
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	22,904	987,572
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	22,904	987,572
	<hr/> <hr/>	<hr/> <hr/>

*The notes on pages 13 to 32 form part of these financial statements*

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

**NOTES TO THE FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its a trust deed dated 25 July 2012, as amended (the “Trust Deed”) and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance. The terms of the Trust Deed are governed by the laws of Hong Kong. As at 31 December 2016, the Trust has seven sub-funds which are CSOP CES China A80 ETF (the “Sub-Fund”), CSOP FTSE China A50 ETF , CSOP MSCI T50 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF, CSOP MSCI China A International ETF and CSOP S&P New China Sectors ETF. The date of inception of the Sub-Fund was 27 August 2013. The Sub-Fund is listed on The Stock Exchange of Hong Kong Limited.

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

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**(a) Basis of preparation**

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

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

Standard and amendments to existing standards effective 1 January 2016

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

New standard and amendments to standards effective after 1 January 2016 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Sub-Fund except the following set out below:

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



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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

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

The HKICPA has issued an amendment to HKAS 7, "Statement of cash flows" introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the HKICPA's disclosure initiative, which continues to explore how financial statement disclosures can be improved. An entity shall apply those amendments to HKAS 7 for annual periods beginning on or after 1 January 2017. The Manager of the Sub-Fund is assessing the impact of HKAS 7.

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

**(b) Investments**

**(i) Classification**

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

**(ii) Recognition/derecognition**

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

**(iii) Measurement**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(b) Investments**

(iv) Fair value estimation (Continued)

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

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

(v) Transfers between levels of the fair value hierarchy

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

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

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

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

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

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

**(e) Distributions to unitholders**

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

**(f) Other income/expense**

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

**(g) Transactions costs**

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

**(h) Expenses**

Expenses are accounted for on an accrual basis.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(i) Cash and cash equivalents**

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

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

Functional and presentation currency

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

Transactions and balances

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

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

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

**(k) Redeemable units**

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

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(l) Taxation**

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

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

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

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

**(m) Establishment costs**

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

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**NOTES TO THE FINANCIAL STATEMENTS**

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

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

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

The Sub-Fund invests in A-shares securities which are issued within the PRC through the RQFII quotas of the Manager. Under the general taxing provision of PRC Corporate Income Tax Law, a 10% withholding tax may be payable on the gains derived from the sale of A-shares by RQFIIs.

*Notice issued on 14 November 2014*

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

According to the Notice, amongst other things:

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

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

- (i) The Sub-Fund has ceased to provide PRC withholding income tax for realised gains on investments in China A-Shares on or after 17 November 2014;
- (ii) No PRC withholding income tax provision is made for unrealised gains for China A-shares.

For the financial year ended 31 December 2015

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

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

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

**(a) PRC tax provision (continued)**

For the financial year ended 31 December 2015 (Continued)

The Manager had made, on behalf of the Sub-Fund, the Tax Reporting for the period from 27 August 2013 (date of inception) to 14 November 2014 inclusively, and applied the Tax Treaty Application for the Sub-Fund in September 2015. The Authority completed the review on the Sub-Fund's Tax Reporting and Tax Treaty Application and issued a document on its official web-site indicating that the Authority agrees with the Sub-Fund's Tax Treaty Application submitted. The Authority also issued a PRC tax demand note to the Sub-Fund to settle the PRC WIT on gross realised capital gains derived by the Sub-Fund from trading of PRC A-Shares issued by immovable properties-rich companies only for the period from 27 August 2013 (date of inception) up to and including 14 November 2014. Out of the PRC tax provision of the Sub-Fund as of 31 December 2014 of RMB274,004 the Sub-Fund settled the relevant PRC WIT liabilities in the amount of RMB15,454 on 8 December 2015 and the Manager reversed the unused WIT provision amounted to RMB258,550 on 17 December 2015. Refer to Note 6.

For the financial year ended 31 December 2016

No PRC withholding tax on gains derived from the sale of A-shares is provided by the Sub-Fund for the year ended 31 December 2016.

**(b) Fair value of securities that are suspended from trading**

As at 31 December 2016 and 2015, there were listed equities which have been suspended for trading mainly due to business restructuring. Management made its judgement in determining the fair values of these investments and involved a higher degree of subjectivity. Management judgement in determining the fair values of the suspended investments includes factors such as the duration of suspension period, the relevant market information and news of the suspended listed equities, the price movement of comparable listed equities/index during the suspension period and, if applicable, the market prices of the suspended listed equities upon resumption of trading after year end.

As at 31 December 2016 and 2015, these investments held by the Sub-Fund included listed equities of RMB204,006 (2015: RMB722,698) which have been suspended for trading. Having considered the factors mentioned above, management has based on their best estimation and concluded using the latest available price before suspension as the fair value of the investments as at 31 December 2016 and 2015. Refer to Note 8(d).

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

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

The movements of the redeemable units for the year ended 31 December 2016 and 2015 are as follows:

	2016 units	2015 units
Number of units in issue at the beginning of the year	600,000	6,300,000
Units redeemed	(300,000)	(5,700,000)
	<hr/>	<hr/>
Number of units in issue at the end of the year	300,000	600,000
	<hr/> <hr/>	<hr/> <hr/>

As stated in Note 2(m), establishment costs are expensed as incurred. However, in accordance with the provisions of the Trust's Prospectus, establishment costs are recognised using the amortisation method. As at 31 December 2016 and 2015, the expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of RMB364,165 (2015: RMB579,665) when compared with the methodology indicated in the Trust's Prospectus.

	2016 <i>RMB</i>	2015 <i>RMB</i>
Net assets attributable to unitholders as reported in the statement of financial position	7,286,634	17,273,344
Adjustments for unamortised establishment costs	364,165	579,665
	<hr/>	<hr/>
Net asset value in accordance with the Trust's Prospectus	7,650,799	17,853,009
	<hr/> <hr/>	<hr/> <hr/>
Net assets attributable to unitholders per unit 31 December (per statement of financial position)	24.2888	28.7889
	<hr/> <hr/>	<hr/> <hr/>
Net assets attributable to unitholders per unit 31 December (at dealing net asset value)	25.5027	29.7550
	<hr/> <hr/>	<hr/> <hr/>

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

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

	2016 <i>RMB</i>	2015 <i>RMB</i>
Net fair value change in unrealised gain/loss in value of investments	(3,040,277)	(63,276,522)
Net realised gain on sale of investments	1,807,380	76,746,831
	<u>(1,232,897)</u>	<u>13,470,309</u>

**6. TAXATION**

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

PRC tax

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

The taxation of the Sub-Fund for the year ended 31 December 2016 and 2015 represents:

	2016 <i>RMB</i>	2015 <i>RMB</i>
Reversal on capital gain tax	-	(258,550)
	<u>-</u>	<u>(258,550)</u>
Withholding tax on dividend income	33,793	94,544
Withholding tax on interest income	59	759
	<u>33,852</u>	<u>95,303</u>
Tax expense/(credit)	<u>33,852</u>	<u>(163,247)</u>



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**NOTES TO THE FINANCIAL STATEMENTS**

**6. TAXATION (Continued)**

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

	2016 RMB	2015 RMB
At the beginning of the year	-	274,004
Taxation charged to the statement of comprehensive income for the year	33,852	95,303
Reversal of current tax liabilities	-	(258,550)
Tax paid	(33,852)	(110,757)
	<hr/>	<hr/>
At the end of the year	<hr/> <hr/> -	<hr/> <hr/> -

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

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

**(a) Management fee**

Prior to 1 October 2015

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

From 1 October 2015

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

*Prior to 1 October 2015*

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

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

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

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

*From 1 October 2015*

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

**(c) Financial assets**

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

	2016 RMB	2015 RMB
<b>Investments</b>		
HSBC Bank (China) Company Limited	7,498,524	17,442,987
<b>Bank balances</b>		
The Hong Kong and Shanghai Banking Corporation Limited	20,851	12,140
HSBC Bank (China) Company Limited	2,053	975,432
	<u>22,904</u>	<u>987,572</u>

Interest income amounted to RMB594 (2015: RMB7,588) was earned on these bank balances for year ended 31 December 2016 and 2015.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

As at 31 December 2016, there was no amount due to the Manager.

As at 31 December 2015, the amount due to the Manager amounted to RMB692,798 represented the establishment costs paid on behalf of the Sub-Fund by the Manager.

**8. FINANCIAL RISK MANAGEMENT**

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

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

**(a) Market risk**

**(i) Market price risk**

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

The Sub-Fund is designated to track the performance of the CES China A80 Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index. The Manager manages the Sub-Fund's exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked index.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

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

	2016		2015	
	Fair value <i>RMB</i>	% of net asset value	Fair value <i>RMB</i>	% of net asset value
Listed equities in PRC – by industry				
Basic materials	142,787	1.96	343,996	1.99
Consumer goods	1,197,057	16.43	2,525,616	14.62
Consumer services	185,767	2.55	348,625	2.02
Financials	4,217,033	57.87	10,055,832	58.22
Health Care	217,001	2.98	389,575	2.25
Industrials	1,005,320	13.80	2,526,337	14.63
Oil & gas	142,177	1.95	302,893	1.75
Technology	34,776	0.48	101,650	0.59
Telecommunications	92,106	1.26	171,186	0.99
Utilities	264,500	3.63	677,277	3.92
	<u>7,498,524</u>	<u>102.91</u>	<u>17,442,987</u>	<u>100.98</u>

The Sub-Fund held 80 out of 80 (2015: 77 out of 80) constituents securities comprising the CES China A80 Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the CES China A80 Index.

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

As at 31 December 2016 and 2015, if the CES China A80 Index were to increase by 10% (2015: 10%) with all other variables held constant, this would increase the operating profit for the year by approximately RMB781,341 (2015: RMB1,692,638). Conversely, if the CES China A80 Index were to decrease by 10% (2015: 10%), this would decrease the operating profit for the year by an equal amount.

**(ii) Interest rate risk**

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

As at 31 December 2016 and 2015, interest rate risk arises only from bank balances. As the bank balances held by the Sub-Fund is short term in nature and the interest arising from these interest bearing assets are immaterial, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. As a result, the Manager considers sensitivity analysis of interest rate risk is not necessary to be presented.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**(iii) Currency risk**

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

**(b) Credit and counterparty risk**

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

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

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

As at 31 December 2016 and 2015, the Sub-Fund placed bank balances of RMB20,851 (2015: RMB12,140) with The Hong Kong and Shanghai Banking Corporation Limited ("HSBC"), which is the custodian of the Sub-Fund. The S&P credit rating of HSBC is A (2015: A).

As at 31 December 2016 and 2015, the Sub-Fund placed bank balances of RMB2,053 (2015: RMB975,432) and investments of RMB7,498,524 (2015: RMB17,442,987) with HSBC Bank (China) Company Limited ("HSBC China"), which is the PRC custodian of the Sub-Fund. The Moody's credit rating of HSBC China is A1 (2015: A1).

The maximum exposure to credit risk as at 31 December 2016 and 2015 is the carrying amount of the financial assets as shown on the statement of financial position.

The Manager considers that none of assets are impaired nor past due as at 31 December 2016 and 2015.

**(c) Liquidity risk**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

	Less than 1 month <i>RMB</i>	1 month to less than 3 months <i>RMB</i>	Over 3 months <i>RMB</i>	Total <i>RMB</i>
<b>As at 31 December 2016</b>				
Management fee payable	6,242	-	-	6,242
Other accounts payable	-	439	255,583	256,022
<b>Contractual cash outflow</b>	<u>6,242</u>	<u>439</u>	<u>255,583</u>	<u>262,264</u>

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

Units are redeemed on demand at the unitholder's option. As at 31 December 2016 and 2015, there were 3 (2015: 2) unitholders holding more than 10% of the Sub-Fund's units.

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

	Less than 1 month <i>RMB</i>	1 to 12 months <i>RMB</i>	No stated maturity <i>RMB</i>	Total <i>RMB</i>
<b>As at 31 December 2016</b>				
Total assets	<u>7,445,022</u>	<u>13,470</u>	<u>90,406</u>	<u>7,548,898</u>
<b>As at 31 December 2015</b>				
Total assets	<u>17,707,861</u>	<u>102,269</u>	<u>634,522</u>	<u>18,444,652</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(d) Fair value estimation**

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

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

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

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

The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets (by class) measured at fair value at 31 December 2016 and 2015:

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
<b>As at 31 December 2016</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	7,294,518	150,960	53,046	7,498,524
<b>Total assets</b>	<u>7,294,518</u>	<u>150,960</u>	<u>53,046</u>	<u>7,498,524</u>
<b>As at 31 December 2015</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	16,720,289	722,698	-	17,442,987
<b>Total assets</b>	<u>16,720,289</u>	<u>722,698</u>	<u>-</u>	<u>17,442,987</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. Management has used best estimation and assessed all available information and considers that the last traded price is the best estimation of the fair value of level 2 investments as at 31 December 2016 and 2015.

As at 31 December 2016, four listed equity investments amounted to RMB204,006, represented 2.80% of the net asset value of the Sub-Fund, were suspended for trading and all were due to their voluntary business restructuring. Two of the suspended instruments as at 31 December 2016 have resumed trading on 16 January 2017 and 26 January 2017.

As at 31 December 2015, two listed equity investments amounted to RMB722,698, represented 4.18% of the net asset value of the Sub-Fund, were suspended for trading and all were due to their voluntary business restructuring. The suspended instruments as at 31 December 2015 resumed trading during the year ended 31 December 2016.

The suspended equity investments of RMB150,960 (2015: RMB722,698) have been transferred from level 1 to level 2 and classified as level 2 investment during the year ended 31 December 2016 and 2015. Transfer between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

The following table presents the movements in level 3 investment of the Sub-Fund for the year ended 31 December 2016:

	31 December 2016 <i>RMB</i>
Opening balance	-
Sales	(30,229)
Transfer from level 1 to level 3	111,938
Gains and losses recognised in statement of comprehensive income	(28,663)
Closing balance	<u>53,046</u>
Total gains/losses for the year included in the statement of comprehensive income for financial assets and liabilities at the end of the year	<u>(28,663)</u>

The following table presents level 3 investment of the Sub-Fund as at 31 December 2016:

<u>Type of security</u>	<u>Reason for suspension</u>	<u>% of NAV</u>
Listed equity	Business restructuring	0.73%



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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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

**(e) Capital risk management**

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

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

**9. DISTRIBUTION**

	2016 <i>RMB</i>	2015 <i>RMB</i>
Final distribution		
RMB0.67 per unit on 450,000 units (2015: RMB0.67 per unit on 600,000 units)	301,500	402,000

The final distribution of RMB0.67 (2015: RMB0.67) per unit on 450,000 (2015: 600,000) units outstanding on the ex-dividend date 26 October 2016 (2015: 29 October 2015) was paid on 31 October 2016 (2015: 10 November 2015).

**10. FINANCIAL INSTRUMENTS BY CATEGORY**

As of 31 December 2016 and 2015, other than investments as disclosed in the financial statements which are classified as financial assets at fair value through profit or loss, all financial assets including deposit reserve, interest receivable and bank balances are categorised as loans and receivables and carried at amortised costs. All the financial liabilities of the Sub-Fund are carried at amortised cost.

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds (the "ETF Guidelines"), the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the underlying index, except where the weightings are exceeded as a result of changes in the composition of the underlying index and the excess is only transitional and temporary in nature. The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the year ended 31 December 2016 and 2015.

There were no constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund and their respective weightings of the CES China A80 Index as at 31 December 2016 and 2015.

During the year ended 31 December 2016, the CES China A80 price return index decreased by 6.12% (2015: decreased by 1.43%) while the net asset value per unit of Sub-Fund decreased by 15.63% (2015: decreased by 9.30%).

**12. SOFT COMMISSION ARRANGEMENT**

The Manager has entered into soft commission arrangements for the year ended 31 December 2016 and the period from 1 October 2015 to 31 December 2015 with a broker under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers in consideration of transactions of the Sub-Fund directed to the brokers. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publication; computer hardware and software incidental to the above goods and services.

The Manager confirms that there has been no soft commission arrangement existing in relation to directing transactions of the Sub-Fund through a broker or dealer for the period from 1 January 2015 to 30 September 2015.

**13. SEGMENT INFORMATION**

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

The Manager considers that the Sub-Fund has a single operating segment which is investing in securities. The objectives of the Sub-Fund are to track the performance of the CES China A80 Index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked index.

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

The Sub-Fund is domiciled in Hong Kong. The Sub-Fund's income is derived from investments in PRC securities which constitute CES China A80 Index, the tracked index.

The total of non-current assets of the Sub-Fund located in PRC in RMB14,000 (2015: RMB14,000). The Sub-Fund has no other assets classified as non-current assets. As at 31 December 2016 and 2015, the Sub-Fund has a diversified portfolio of investments and no single investment accounts for more than 10% of the Sub-Fund's net asset value.

**14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Trustee and the Manager on 28 April 2017.

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

*As at 31 December 2016*

	Holdings	Fair value RMB	% of net assets
<b>Investments (102.91%)</b>			
<b>Listed equities (102.91%)</b>			
<b>China (102.91%)</b>			
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	53,600	166,160	2.28
ANHUI CONCH CEMENT COMPANY LTD SHS A ORD CNY1	3,100	52,576	0.72
AVIC AVIATION ENGINE CORPORATION A ORD CNY1	1,100	36,014	0.49
BANK OF BEIJING CO LTD ORD CNY1 CL A	17,118	167,072	2.29
BANK OF CHINA LTD A SHS ORD CNY1	31,500	108,360	1.49
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	38,100	219,837	3.02
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	7,100	45,085	0.62
BEIJING XINWEI TELECOM TECHNOLOGY GROUP CO LTD A SHS ORD CNY1	1,600	23,360	0.32
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	35,500	101,530	1.39
BYD CO LTD A SHRS ORD CNY1	615	30,553	0.42
CHINA CITIC BANK CORP A SHRS ORD CNY1	4,400	28,204	0.39
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	2,300	34,937	0.48
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	23,800	93,058	1.28
CHINA LIFE INSURANCE CO A SHS ORD NPV	2,544	61,285	0.84
CHINA MERCHANTS BANK A SHR ORD CNY1	12,442	218,979	3.00
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	3,250	53,072	0.73
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD ORD CNY1	3,400	55,726	0.76
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	33,194	301,402	4.14
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	7,000	49,420	0.68
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	4,457	123,771	1.70
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	15,700	84,937	1.17
CHINA RAILWAY GROUP LTD A ORD CNY1	7,100	62,906	0.86
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	4,100	49,036	0.67
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	3,000	48,540	0.67
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	14,000	99,260	1.36
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	21,100	186,946	2.57
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	12,600	92,106	1.26
CHINA VANKE CO LTD A SHR ORD CNY1	9,500	195,225	2.68
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	9,932	125,739	1.73

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

As at 31 December 2016

	Holdings	Fair value RMB	% of net assets
<b>Investments (102.91%) (continued)</b>			
<b>Listed equities (102.91%) (continued)</b>			
<b>China (102.91%) (continued)</b>			
CHONGQING CHANGAN AUTOMOBILE CO LTD A SHR ORD CNY1	2,700	40,338	0.55
CITIC SECURITIES CO LTD A SHR ORD CNY1	11,100	178,266	2.45
CRRC CORP LTD A SHR ORD CNY1	13,660	133,458	1.83
DAQIN RAILWAY CO LTD A SHS ORD CNY1	8,861	62,736	0.86
EAST MONEY INFORMATION CO LTD A SHR ORD CNY1	3,100	52,483	0.72
EVERBRIGHT SECURITIES CO LTD A SHRS ORD CNY1	1,200	19,188	0.26
FOUNDER SECURITIES COMPANY LIMITED A SHR ORD CNY1	6,200	47,120	0.65
GD POWER DEVELOPMENT CO LTD A SHS ORD CNY1	17,700	56,109	0.77
GF SECURITIES CO LTD A SHR ORD CNY1	4,500	75,870	1.04
GOUSEN SECURITIES CO LTD	3,500	54,425	0.75
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	1,799	19,897	0.27
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	6,800	167,416	2.30
GREENLAND HOLDINGS CORPORATION LIMITED A SHRS ORD1 CNY1	3,500	30,485	0.42
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	6,400	118,976	1.63
HAITONG SECURITIES CO LTD CL A ORD CNY1	11,400	179,550	2.46
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	2,771	65,977	0.90
HEDY HOLDING CO LTD A SHS ORD CNY1	800	11,416	0.16
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD A SHR ORD CNY1	1,533	32,086	0.44
HUATAI SECURITIES CO LTD A SHS ORD CNY1	4,722	84,335	1.16
HUAXIA BANK CO LTD A SHR ORD CNY1	7,976	86,540	1.19
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	30,300	133,623	1.83
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	18,800	303,432	4.16
INNER MONGILIA YILI INDUSTRIAL GR CO LTD A SHS ORD CNY1	8,554	150,550	2.07
INNER MONGOLIAN BAOTOU STEEL UNION CO LTD A SHR ORD CNY1	13,800	38,502	0.53
JIANGSU HENGRUI MEDICINE CO LTD A SHR ORD CNY1	2,102	95,641	1.31
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD A SHS ORD CNY1	981	69,259	0.95
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	641	214,190	2.94

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**INVESTMENT PORTFOLIO (Unaudited) (Continued)**  
*As at 31 December 2016*

	Holdings	Fair value RMB	% of net assets
<b>Investments (102.91%) (continued)</b>			
<b>Listed equities (102.91%) (continued)</b>			
<b>China (102.91%) (continued)</b>			
LESHI INTERNET INFORMATION & TECHNOLOGY (BEIJING) CO LTD A SHR	2,000	71,600	0.98
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	6,305	177,612	2.44
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	1,239	54,243	0.74
ORIENT SECURITIES COMPANY LTD A SHRS ORD CNY1	3,500	54,355	0.75
PETROCHINA CO LTD A SHRS CNY1	7,200	57,240	0.79
PING AN BANK CO LTD A SHR ORD CNY1	9,049	82,346	1.13
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	14,160	501,689	6.88
POLY REAL ESTATE GROUP CO LTD A SHR ORD CNY1	10,609	96,860	1.33
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	5,900	42,834	0.59
QINGDAO HAIER CO LTD A SHR ORD CNY1	4,400	43,472	0.60
SAIC MOTOR CORP LTD A SHR ORD CNY1	4,700	110,215	1.51
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	6,300	53,046	0.73
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY1	4,700	24,064	0.33
SHANGHAI ORIENTAL PEARL MEDIA CO LTD A SHS ORD CNY1	1,900	44,270	0.61
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	12,090	195,979	2.69
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	1,460	33,711	0.46
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	8,960	56,000	0.77
SHENZHEN OVERSEAS CHINESE TOWN CO LTD A SHR ORD CNY1	5,000	34,750	0.48
SINOPEC OILFIELD SERVICE C-A SHRS ORD CNY1	2,600	10,660	0.15
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	5,300	60,685	0.83
WANDA CINEMA LINE CO LTD ORD CNY1	700	37,849	0.52
WULIANGYE YIBIN CO LTD A SHS ORD CNY1	2,819	97,199	1.33
YUNNAN BAIYAO GROUP CO LTD A SHR ORD CNY1	1,151	87,649	1.20
ZHEJIANG ZHENENG ELECTRIC – A SHRS ORD CNY1	6,120	33,232	0.46
<b>Total investments</b>		7,498,524	102.91
<b>Other net assets</b>		(211,890)	(2.91)
<b>Net assets attributable to unitholders at 31 December 2016</b>		7,286,634	100.00
<b>Total investments, at cost</b>		6,210,632	

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

*For the year ended 31 December 2016*

	<b>Holdings</b>				<b>31 December 2016</b>
	<b>1 January 2016</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments</b>					
<b>Listed equities</b>					
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	124,900	2,400	-	73,700	53,600
ALUMINUM CORPORATION OF CHINA LTD A SHS ORD NPV	17,900	-	-	17,900	-
ANHUI CONCH CEMENT COMPANY LTD SHS A ORD CNY1	6,500	-	-	3,400	3,100
AVIC AVIATION ENGINE CORPORATION A ORD CNY1	2,500	-	-	1,400	1,100
BANK OF BEIJING CO LTD ORD CNY1 CL A	33,165	800	4,353	21,200	17,118
BANK OF CHINA LTD A SHS ORD CNY1	68,900	1,400	-	38,800	31,500
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	76,900	8,000	-	46,800	38,100
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	16,100	-	-	9,000	7,100
BEIJING XINWEI TELECOM TECHNOLOGY GROUP CO LTD A SHS ORD CNY1	3,800	-	-	2,200	1,600
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	77,600	1,500	-	43,600	35,500
BYD CO LTD A SHRS ORD CNY1	2,015	-	-	1,400	615
CHINA CITIC BANK CORP A SHRS ORD CNY1	10,400	-	-	6,000	4,400
CHINA COAL ENERGY CO ORD SHS A ORD CNY1	6,000	-	-	6,000	-
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	5,000	-	-	2,700	2,300
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	52,000	1,000	-	29,200	23,800
CHINA LIFE INSURANCE CO A SHS ORD NPV	5,444	-	-	2,900	2,544
CHINA MERCHANTS BANK A SHR ORD CNY1	33,742	700	-	22,000	12,442

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

*For the year ended 31 December 2016*

	<b>Holdings</b>				<b>31 December 2016</b>
	<b>1 January 2016</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	7,650	1,500	-	5,900	3,250
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD ORD CNY1	-	5,100	-	1,700	3,400
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	96,594	1,600	-	65,000	33,194
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	15,300	300	-	8,600	7,000
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	10,257	-	-	5,800	4,457
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	34,300	600	-	19,200	15,700
CHINA RAILWAY GROUP LTD A ORD CNY1	18,300	400	-	11,600	7,100
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	11,300	-	-	7,200	4,100
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	6,500	-	-	3,500	3,000
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	30,000	-	-	16,000	14,000
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	49,000	1,000	-	28,900	21,100
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	27,700	500	-	15,600	12,600
CHINA VANKE CO LTD A SHR ORD CNY1	25,400	-	-	15,900	9,500
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	16,132	4,200	-	10,400	9,932
CHONGQING CHANGAN AUTOMOBILE CO LTD A SHR ORD CNY1	7,400	-	-	4,700	2,700
CITIC SECURITIES CO LTD A SHR ORD CNY1	25,700	500	-	15,100	11,100

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

For the year ended 31 December 2016

	<b>Holdings</b>				
	<b>1 January 2016</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>31 December 2016</b>
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
CRRC CORP LTD A SHR ORD CNY1	29,960	600	-	16,900	13,660
DAQIN RAILWAY CO LTD A SHS ORD CNY1	19,461	400	-	11,000	8,861
EAST MONEY INFORMATION CO LTD A SHR ORD CNY1	-	4,600	-	1,500	3,100
EVERBRIGHT SECURITIES CO LTD A SHRS ORD CNY1	-	3,700	-	2,500	1,200
FOSHAN HAITIAN FLAVOURING & FOOD COMPANY LTD A SHS ORD CNY1	860	-	-	860	-
FOUNDER SECURITIES COMPANY LIMITED A SHR ORD CNY1	13,400	300	-	7,500	6,200
GD POWER DEVELOPMENT CO LTD A SHS ORD CNY1	32,100	4,100	-	18,500	17,700
GF SECURITIES CO LTD A SHR ORD CNY1	9,700	-	-	5,200	4,500
GOUSEN SECURITIES CO LTD	4,000	2,500	-	3,000	3,500
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	3,899	-	-	2,100	1,799
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	15,700	-	-	8,900	6,800
GREENLAND HOLDINGS CORPORATION LIMITED A SHRS ORD1 CNY1	-	5,200	-	1,700	3,500
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	5,000	6,300	-	4,900	6,400
HAITONG SECURITIES CO LTD CL A ORD CNY1	26,400	500	-	15,500	11,400
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	3,981	-	1,390	2,600	2,771
HEDY HOLDING CO LTD A SHS ORD CNY1	-	1,200	-	400	800
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD A SHR ORD CNY1	3,233	-	-	1,700	1,533



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

*For the year ended 31 December 2016*

	<b>Holdings</b>				
	<b>1 January 2016</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>31 December 2016</b>
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	13,700	300	-	14,000	-
HUATAI SECURITIES CO LTD A SHS ORD CNY1	10,622	-	-	5,900	4,722
HUAXIA BANK CO LTD A SHR ORD CNY1	17,476	300	-	9,800	7,976
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	70,500	5,400	-	45,600	30,300
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	43,600	900	-	25,700	18,800
INNER MONGILIA YILI INDUSTRIAL GR CO LTD A SHS ORD CNY1	19,854	400	-	11,700	8,554
INNER MONGOLIAN BAOTOU STEEL UNION CO LTD A SHR ORD CNY1	-	20,800	-	7,000	13,800
JIANGSU HENGRUI MEDICINE CO LTD A SHR ORD CNY1	3,885	-	517	2,300	2,102
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD A SHS ORD CNY1	1,981	-	-	1,000	981
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	1,641	-	-	1,000	641
LESHI INTERNET INFORMATION & TECHNOLOGY (BEIJING) CO LTD A SHR	-	2,000	-	-	2,000
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	6,937	2,400	2,368	5,400	6,305
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	2,039	400	-	1,200	1,239
ORIENT SECURITIES COMPANY LTD A SHRS ORD CNY1	-	6,600	-	3,100	3,500
PETROCHINA CO LTD A SHRS CNY1	15,900	300	-	9,000	7,200
PING AN BANK CO LTD A SHR ORD CNY1	18,691	400	2,458	12,500	9,049
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	35,360	6,700	-	27,900	14,160

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)**  
*For the year ended 31 December 2016*

	1 January 2016	Additions	Holdings Corporate actions	Disposals	31 December 2016
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
POLY REAL ESTATE GROUP CO LTD A SHR ORD CNY1	21,109	1,800	-	12,300	10,609
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	13,500	100	-	7,700	5,900
QINGDAO HAIER CO LTD A SHR ORD CNY1	10,300	-	-	5,900	4,400
SAIC MOTOR CORP LTD A SHR ORD CNY1	10,800	-	-	6,100	4,700
SANY HEAVY INDUSTRY CO LTD A ORD CNY1	12,400	-	-	12,400	-
SHAANXI COAL INDUSTRY CO L - A SHRS ORD CNY1	6,500	-	-	6,500	-
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	9,700	-	-	3,400	6,300
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY1	10,600	-	-	5,900	4,700
SHANGHAI ORIENTAL PEARL MEDIA CO LTD A SHS ORD CNY1	6,000	-	-	4,100	1,900
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	30,500	1,600	1,690	21,700	12,090
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	1,800	-	960	1,300	1,460
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	14,600	300	3,360	9,300	8,960
SHENZHEN OVERSEAS CHINESE TOWN CO LTD A SHR ORD CNY1	12,000	300	-	7,300	5,000
SINOPEC OILFIELD SERVICE C-A SHRS ORD CNY1	-	3,900	-	1,300	2,600
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	14,500	-	-	9,200	5,300
WANDA CINEMA LINE CO LTD ORD CNY1	400	600	-	300	700

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)**  
*For the year ended 31 December 2016*

	1 January 2016	Additions	Holdings Corporate actions	Disposals	31 December 2016
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
WULIANGYE YIBIN CO LTD A SHS ORD CNY1	6,219	-	-	3,400	2,819
YUNNAN BAIYAO GROUP CO LTD A SHR ORD CNY1	1,751	-	-	600	1,151
ZHEJIANG ZHENENG ELECTRIC - A SHRS ORD CNY1	8,920	2,900	-	5,700	6,120

**CSOP CES CHINA A80 ETF**  
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**PERFORMANCE RECORD (Unaudited)**

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	Net asset value of the Sub-Fund <i>RMB</i>	Net asset value per unit <i>RMB</i>
At the end of financial year/period dated		
31 December 2016	7,650,799	25.5027
31 December 2015	17,853,009	29.7550
31 December 2014	200,856,482	31.8820

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

	Highest net asset value per unit <i>RMB</i>	Lowest net asset value per unit <i>RMB</i>
Financial year/period ended		
31 December 2016	28.5780	23.0384
31 December 2015	43.2883	24.6799
31 December 2014	31.8820	17.9974
31 December 2013 (since 27 August 2013 (date of inception))	22.0972	19.8677

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

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