

ChinaAMC ETF Series

ChinaAMC CES China A80 Index ETF

Annual Report

For the year ended 31 December 2017



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 2017

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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://www.chinaamc.com.hk/en/products/etf/a80/documents.html>

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
Mr. Tang Xiaodong (appointed on 10 January 2018)

Trustee

Cititrust Limited
50/F, Champion Tower
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 Tower
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

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

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 Tower
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

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

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The ChinaAMC CES China A80 Index ETF (the "Sub-Fund"), a sub-fund of ChinaAMC ETF Series, an umbrella unit trust established under Hong Kong law by a trust deed dated 28 May 2012, as amended 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 Sub-Fund have ceased trading on SEHK from 10 November 2017 (the "Trading Cessation Date").

During the listing period, the Manager primarily use 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 2017) granted to the Manager by the State Administration of Foreign Exchange (the "SAFE").

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. 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	7.96%	13.54%	120.99% ³
RMB Counter of the Sub-Fund (NAV-to-NAV)	4.80%	8.34%	91.67% ³
RMB Counter of the Sub-Fund (Market-to-Market)	5.34%	9.97%	92.32% ⁴
HKD Counter of the Sub-Fund (NAV-to-NAV)	5.25%	8.86%	77.58% ³
HKD Counter of the Sub-Fund (Market-to-Market)	5.08%	11.35%	77.49% ⁴

¹ Source: Bloomberg, as of 10 November 2017 (the Trading Cessation Date). Performances of the 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
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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 2,161 units from 1 January 2017 to 10 November 2017. As of 31 December 2017, there were 300,000 units outstanding.

Activities of the Index

There was 2 rebalances for the Index from 1 January 2017 to 31 December 2017. As of 10 November 2017, the Sub-Fund comprised of 2 constituent stocks in the Index.

China Asset Management (Hong Kong) Limited
18 April 2018

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 2017.

Cititrust Limited
18 April 2018

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 a liquidation basis as the Manager intends to wind up the Sub-Fund by way of a voluntary liquidation.

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 2017, 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)

Report on the audit of the financial statements

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 11 to 37, which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders, statement of cash flows and statement of distribution 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 2017, 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 ("IASB").

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.

Emphasis of matter

We draw attention to note 2.1 of the financial statements, which describes that the financial statements for the year ended 31 December 2017 have not been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

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 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. 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	
<p>As at 31 December 2017, financial assets at fair value through profit or loss amounted to RMB81,821 which represented 98.79% 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 2 constituent listed shares and 1 listed stock in the Sub-Fund. They were kept by one custodian and measured at fair value. Furthermore, as at 31 December 2017, all equity investments were suspended shares. 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>	<p>We obtained independent confirmation from the custodian and counterparties of the investment portfolio held at 31 December 2017, and agreed the quantities held to the accounting records. We tested the design and operating effectiveness of controls for the valuation of financial instruments.</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 the fair value hierarchy as set out in notes 10 - 11 to the financial statements.</p>

Information other than the financial statements and auditor's report thereon

The Manager and Trustee of the Sub-Fund are responsible for the other information. The other information comprises 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 (continued)

To the unitholders of ChinaAMC CES China A80 Index ETF
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Responsibilities of the Manager and the Trustee for the financial statements

The Manager and the Trustee are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, 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 the 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 the Trustee either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure 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.

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 the Trustee.

Independent auditor's report (continued)

To the unitholders of ChinaAMC CES China A80 Index ETF
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Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting. When such use is inappropriate and the Manager and the Trustee use an alternative basis of accounting, we conclude on the appropriateness of the Manager's and the Trustee's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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 the 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 the 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.

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 of the SFC Code.

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

Certified Public Accountants
Hong Kong
18 April 2018

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

STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 RMB	2016 RMB
ASSETS			
Financial assets at fair value through profit or loss	10	81,821	7,560,150
Amount due from the Manager	5	453,582	60,685
Cash and cash equivalents	12	<u>59,702</u>	<u>277,428</u>
TOTAL ASSETS		<u>595,105</u>	<u>7,898,263</u>
LIABILITIES			
Management fee payable	5	11,687	4,714
Custodian, fund administration and trustee fees payable	5	89,085	136,134
Termination fee payable	5	77,228	–
Other payables and accruals		<u>334,283</u>	<u>355,727</u>
TOTAL LIABILITIES		<u>512,283</u>	<u>496,575</u>
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u>82,822</u>	<u>7,401,688</u>
NUMBER OF UNITS IN ISSUE	9	<u>300,000</u>	<u>750,000</u>
NET ASSET VALUE PER UNIT	9	<u>0.2761</u>	<u>9.8689</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 2017

	Notes	2017 RMB	2016 RMB
INCOME			
Dividend income		132,779	235,805
Interest income		1,098	772
		<u>133,877</u>	<u>236,577</u>
EXPENSES			
Management fee	5	(34,970)	(69,343)
Brokerage fee		(8,043)	(12,662)
Custodian, fund administration and trustee fees	5	(265,013)	(333,628)
Audit fee		(86,207)	(112,441)
Professional fee		–	(5,584)
Termination fees	5	(81,000)	–
Other operating expenses		(336,418)	(336,919)
		<u>(811,651)</u>	<u>(870,577)</u>
Investment manager reimbursement of fees	5	<u>904,323</u>	<u>730,501</u>
		<u>92,672</u>	<u>(140,076)</u>
PROFIT BEFORE INVESTMENT AND EXCHANGE DIFFERENCES		226,549	96,501
INVESTMENT GAINS/(LOSSES) AND EXCHANGE DIFFERENCES			
Net change in unrealised gains or losses on financial assets at fair value through profit or loss		(1,189,450)	(4,002,906)
Net realised gains or losses on financial assets at fair value through profit or loss		2,839,291	1,597,817
Net foreign exchange losses		(9)	(445)
NET INVESTMENTS AND EXCHANGE GAINS/(LOSSES)		<u>1,649,832</u>	<u>(2,405,534)</u>
PROFIT/(LOSS) BEFORE TAX		1,876,381	(2,309,033)
Withholding income tax expenses	7	<u>(13,661)</u>	<u>(24,255)</u>
TOTAL COMPREHENSIVE INCOME		<u><u>1,862,720</u></u>	<u><u>(2,333,288)</u></u>

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

ChinaAMC CES China A80 Index ETF
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STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2017

	Note	RMB
At 1 January 2016		24,014,956
Redemption of units		(14,279,980)
Total comprehensive income		<u>(2,333,288)</u>
At 31 December 2016 and 1 January 2017		7,401,688
Redemption of units		(5,311,586)
Total comprehensive income		1,862,720
Distribution to unitholders	8	<u>(3,870,000)</u>
At 31 December 2017		<u>82,822</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 2017

	Note	2017 RMB	2016 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		1,876,381	(2,309,033)
Decrease in financial assets at fair value through profit or loss		7,478,329	16,761,544
Increase in amount due from the Manager	(	392,897)	(60,685)
Increase/(decrease) in management fee payable		6,973	(9,980)
(Decrease)/increase in custodian, fund administration and trustee fees payable	(	47,049)	83,850
Increase in termination fee payable		77,228	–
Decrease in other payables and accruals	(	21,444)	(146,148)
Cash flows generated from operations		8,977,521	14,319,548
Tax paid	(	13,661)	(24,255)
Net cash flows generated from operating activities		<u>8,963,860</u>	<u>14,295,293</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution paid to unitholders	(	3,870,000)	–
Payments on redemption of units	(	5,311,586)	(14,279,980)
Net cash flows used in financing activities	(	9,181,586)	(14,279,980)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
	(	217,726)	15,313
Cash and cash equivalents at beginning of year		<u>277,428</u>	<u>262,115</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	<u><u>59,702</u></u>	<u><u>277,428</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash at banks	12	<u><u>59,702</u></u>	<u><u>277,428</u></u>
NET CASH FLOWS FROM OPERATING ACTIVITIES INCLUDE:			
Dividend received net withholding tax		119,205	211,622
Interest received net withholding tax		<u>1,011</u>	<u>700</u>

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

ChinaAMC CES China A80 Index ETF
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STATEMENT OF DISTRIBUTION

Year ended 31 December 2017

	Note	RMB
Undistributed income at 1 January 2017		–
Total comprehensive income		1,862,720
Add: net losses on financial assets at fair value through profit or loss		<u>1,189,450</u>
Undistributed income before distribution		3,052,170
Interim distribution distributed out of capital on 4 December 2017 (RMB12.90 per unit)	8	(3,870,000)
Transfer from capital		<u>817,830</u>
Undistributed income at 31 December 2017		<u>–</u>

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

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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, an 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.

Pursuant to the announcement dated 9 October 2017 (the "Announcement"), the Manager has notified to all its existing unitholders regarding its liquidation plan of the Sub-Fund. The Manager intends to liquidate the Sub-Fund and eventually to wind up the Sub-Fund by way of a voluntary liquidation. The Manager declared the first distribution to the unitholders who remain so as at 15 November 2017 (the "distribution record date"). The first distribution was declared on 4 December 2017 and paid on 5 December 2017, while the termination date is expected to be no later than 5 September 2018.

By the date all suspended stocks are disposed of and distributions are made to the unitholders, the Trustee and the Manager form an opinion that the Sub-Fund ceases to have any outstanding contingent or actual assets or liabilities, the Trustee and the Manager will commence the completion of the liquidation of the Sub-Fund.

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 Standards 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.

As mentioned in note 1 to the financial statements, the Manager intends to wind up the Sub-Fund by way of a voluntary liquidation. Accordingly, these financial statements have been prepared on a liquidation basis. All assets have been adjusted to their estimated net realisable values. The estimated expenses associated with liquidation of RMB81,000 have been accrued in the Sub-Fund's statement of financial position as at 31 December 2017. Any shortfall will be borne by the Manager.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

2.1 BASIS OF PREPARATION (continued)

Due to the change in the basis of preparation in the current year, the amounts presented in these financial statements and the related explanatory notes for the year ended 31 December 2017 are not entirely comparable with the amounts presented for the year ended 31 December 2016 which were extracted from the Sub-Fund's financial statements for the year ended 31 December 2016 prepared on a going concern basis.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

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

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. All the financing activities of the Sub-Fund related to net assets attributable to unitholders, but not relevant to any financial liabilities of the Sub-Fund, so these amendments have no material impact on the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not applied the following new and revised IFRSs that have been issued but are not yet effective, in these financial statements. Among the new and revised IFRSs, the following are expected to be relevant to the Sub-Fund's financial statements upon becoming effective:

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

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

In July 2014, the IASB issued the final version of IFRS 9 *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.

The Sub-Fund plans to adopt the new standard on the required effective date. Further information about the impact will be available nearer the implementation date of the standard. The Sub-Fund does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement, and impairment of its financial assets.

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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

The new revenue standard will supersede all current revenue recognition requirements under IFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Sub-Fund plans to adopt the new standard on the required effective date 1 January 2018. The Sub-Fund does not expect that the adoption of IFRS 15 will have a significant impact on the recognition of its revenue.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Other than as adjusted for the adoption of liquidation basis for the current year as disclosed in Note 2.1 to the financial statements, the significant accounting policies applied in the preparation of these financial statements are set out below:

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, termination fee 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 or 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.

NOTES TO FINANCIAL STATEMENTS

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) Derecognition

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

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

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

Fair value measurement

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

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

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

The Sub-Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

Impairment of financial assets

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

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

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

Offsetting financial instruments

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

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 2017

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividend income

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

Interest income and expense

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

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

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

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

Net realised gains or losses on financial assets at fair value through profit or loss

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 is determined. 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 are 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Distribution to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the period in which it is approved by the Manager.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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.

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.

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 2017 to 31 December 2017 ("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.

Subject to the liquidation provision of RMB81,000, the Manager will bear all costs and expenses associated with the termination of the terminating Sub-Fund other than transaction costs and any taxes relating to the realisation of assets of the terminating Sub-Fund.

The amount of expenses incurred by the Sub-Fund and borne by the Manager for the year ended 31 December 2017 was RMB904,323 (2016: RMB730,501). As at 31 December 2017, the amount due from the Manager was RMB453,582 (2016: RMB60,685).

Management fee

The Manager is entitled to receive 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 until the Sub-Fund has ceased trading on the SEHK from 10 November 2017. 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 fee incurred during the year ended 31 December 2017 amounted to RMB34,970 (2016: RMB69,343). As at 31 December 2017, management fee of RMB11,687 (2016: RMB4,714) was payable to the Manager.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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

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 until the Sub-Fund has ceased trading on the SEHK from 10 November 2017.

The custodian, fund administration and trustee fees for the year ended 31 December 2017 amounted to RMB265,013 (2016: RMB333,628). As at 31 December 2017, custodian, fund administration and trustee fees amounted to RMB89,085 (2016: RMB136,134) and there was no transaction fee payable to the Trustee as at 31 December 2017 and 31 December 2016.

Termination fees

Termination fees pertain to the amounts charged by the Trustee and other service providers of the Sub-Fund in relation to termination related expenses and fees.

The termination fees accrued for the Trustee and other service providers for the year ended 31 December 2017 were RMB81,000. As at 31 December 2017, termination fee of RMB77,228 were payable to the Trustee and other service providers.

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 2017 and 31 December 2016 are summarised below:

	2017	2016
	RMB	RMB
Cash at banks	<u>59,702</u>	<u>277,428</u>

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

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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 years ended 31 December 2017 and 31 December 2016. 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.

No PRC withholding income tax credit on capital gains, including unrealised gains and realised gains was recognised by the Sub-Fund for the years ended 31 December 2017 and 31 December 2016.

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 2017 was RMB13,661 (2016: RMB24,255).

8. DISTRIBUTION

	Distribution RMB	Distribution per unit RMB
Distribution declared by the Manager on		
- 4 December 2017 (paid on 5 December 2017)	3,870,000	12.90

When certain suspended stocks resume trading and are disposed of, further distribution will be made to relevant investors at such interval as determined by the Manager.

NOTES TO FINANCIAL STATEMENTS

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9. THE REDEEMABLE UNITS

	2017 Number of units	2016 Number of units
Units in issue at the beginning of the year	750,000	2,250,000
Redemption of units	<u>(450,000)</u>	<u>(1,500,000)</u>
Units in issue at the end of the year	<u>300,000</u>	<u>750,000</u>
	Closing price as at year end RMB	At last trade market price RMB
Dealing net asset value at the end of the year	<u>82,822</u>	<u>7,401,688</u>
Dealing net asset value per unit at the end of the year	<u>0.2761</u>	<u>9.8689</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 units of the Sub-Fund were ceased trading on the SEHK on 10 November 2017 and there is no further redemption of units in the primary market. When certain suspended stocks resume trading and are disposed of, a further distribution will be made at such interval as determined by the Manager. Redemption of units will take place when all suspended stocks resume trading and are disposed of and distributions are made to the unitholders, and when the Manager and the Trustee form an opinion that the Sub-Fund ceases to have any contingent or actual assets or liabilities.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 RMB	2016 RMB
Financial assets designated as at fair value through profit or loss:		
Listed equity securities	<u>81,821</u>	<u>7,560,150</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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 2017 and 31 December 2016:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
2017				
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	—	—	82	82
2016				
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	7,414	—	146	7,560

Transfers between Level 1 and Level 2

As at 31 December 2017 and 31 December 2016, no listed equity security was reclassified from Level 1 to Level 2.

Transfers between Level 1 and Level 3

As at 31 December 2017, the Sub-Fund reclassified one listed equity from Level 1 to Level 3 following the suspension of trading of financial instruments. That financial instrument is Wanda Film Holding Co Ltd (stock code: 002739).

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) and (4) Shanghai Electric Group Co Ltd (stock code: 601727). As at 31 December 2017, the second and third securities still remained suspended.

	Transfer from Level 1 to Level 3	
	2017 RMB	2016 RMB
Financial assets designated as at fair value through profit or loss		
- Listed equity securities	13,728	146,369

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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 traded prices.

Level 2

The Manager adopted Index Return Method to perform valuation for investments suspended from trading. As the model incorporates unobservable inputs, whether resumed or not, the investments suspended from trading are classified as Level 3. Hence, no investments are classified as Level 2 in 2017 and 2016.

Level 3

The valuation of investments suspended from trading is performed on a daily basis by the portfolio manager of the Manager and reviewed by 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 those 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	RMB	Valuation technique	Unobservable input
<u>31 December 2017</u>			
Equity investment	81,821	Index Return Method	Return on relevant industry index (-15.34% to 9.86%)
<u>31 December 2016</u>			
Equity investment	146,369	Index Return Method	Return on relevant industry index (-7.97% to 0.75%)

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

As at 31 December 2017

	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%	4,091	4,091
	AMAC Index	(5%)	(4,091)	(4,091)

As at 31 December 2016

Equity securities	AMAC Index	5%	7,318	7,318
	AMAC Index	(5%)	(7,318)	(7,318)

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 years ended 31 December 2017 and 31 December 2016:

	Financial assets designated as at fair value through profit or loss	
	Equity securities	
	2017	2016
	RMB	RMB
At 1 January	146,369	855,734
Transfer into Level 3	13,728	146,369
Total losses in profit or loss	(11,228)	(661,989)
Purchases	24,780	–
Transfer out from Level 3	(91,828)	(193,745)
At 31 December	<u>81,821</u>	<u>146,369</u>
Total losses for the period included in profit or loss for assets held at the end of the reporting period	<u>(11,228)</u>	<u>(661,989)</u>

NOTES TO FINANCIAL STATEMENTS

31 December 2017

12. CASH AND CASH EQUIVALENTS

	2017	2016
	RMB	RMB
Cash at banks	<u>59,702</u>	<u>277,428</u>

Cash at banks held with the Administrator and Custodian and the PRC Custodian, was placed into interest bearing accounts.

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 weightings 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.

Pursuant to the announcement dated 9 October 2017, which was approved by the SFC, the Sub-Fund ceased to track the Index and therefore the Sub-Fund is not necessary to meet the investment limitation and prohibitions under the SFC Code.

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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 2017 and 31 December 2016, the Sub-Fund's investments were concentrated in the following industries.

	2017		2016	
	Fair value RMB	% of net asset value	Fair value RMB	% of net asset value
A-Shares holdings – by sectors				
Consumer				
Discretionary	13,728	16.58%	770,455	10.41%
Consumer Staples	–	–	579,905	7.83%
Energy	–	–	198,417	2.68%
Financial Services	–	–	3,906,857	52.78%
Healthcare Services	–	–	177,579	2.40%
Industrials	–	–	823,589	11.13%
Information				
Technology	68,093	82.21%	266,840	3.61%
Materials	–	–	139,426	1.88%
Real Estate	–	–	366,363	4.95%
Telecommunications	–	–	86,061	1.16%
Utilities	–	–	244,658	3.31%
	81,821	98.79%	7,560,150	102.14%

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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 2017, if the Index was to increase by 5% (2016: 5%) with all other variables held constant, this would increase the pre-tax profit for the year by approximately RMB4,091 (2016: RMB378,008). Conversely, if the Index was to decrease by 5% (2016: 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 rates. 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% (2016: 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 2017

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"):

<u>31 December 2017</u>	RMB	Credit rating	Source of credit rating
<u>Banks</u>			
Citibank, N.A.	59,098	A	S&P
Citibank (China) Co., Limited	604	BBB+	S&P
<u>PRC Custodian</u>			
Citibank (China) Co., Limited	81,821	BBB+	S&P
<u>31 December 2016</u>			
<u>Banks</u>			
Citibank, N.A.	205,376	A+	S&P
Citibank (China) Co., Limited	72,052	A+	S&P
<u>PRC Custodian</u>			
Citibank (China) Co., Limited	7,560,150	A+	S&P

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

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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

Risk management (continued)

(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 2017 and 31 December 2016, 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.

At 31 December 2017

	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	–	–	82	82
Amount due from the Manager	–	453	–	453
Cash and cash equivalents	60	–	–	60
Total financial assets	<u>60</u>	<u>453</u>	<u>82</u>	<u>595</u>
<u>Financial liabilities</u>				
Management fee payable	–	12	–	12
Custodian, fund administration and trustee fees payable	–	89	–	89
Termination fee payable	–	–	77	77
Other payables and accruals	–	–	334	334
Total financial liabilities	<u>–</u>	<u>101</u>	<u>411</u>	<u>512</u>

At 31 December 2016

<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>

NOTES TO FINANCIAL STATEMENTS

31 December 2017

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. Upon the cessation of trading of the Sub-Fund on the SEHK on 10 November 2017, the Manager aims to realise all of the assets of the Sub-Fund.

After the realisation of the assets of the Sub-Fund, the Sub-Fund mainly holds cash (primarily consisting of the proceeds from the realisation of the assets of the Sub-Fund) and the suspended stocks.

The Manager will realise the suspended stocks as soon as they resume trading, and make distributions at such intervals as determined by the Manager when a certain amount of suspended stocks resumes trading and has been disposed.

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 of the Sub-Fund.

17. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 18 April 2018.

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

INVESTMENT PORTFOLIO

31 December 2017

	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			
Wanda Film Holding Co Ltd	300	13,728	16.58%
Information Technology			
Beijing Xinwei Technology Group Co Ltd	1,700	26,877	32.45%
Leshi Internet Information & Technology Corp Beijing	3,200	41,216	49.76%
TOTAL INVESTMENTS, AT FAIR VALUE		<u>81,821</u>	<u>98.79%</u>
TOTAL INVESTMENTS, AT COST		<u>148,099</u>	

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

MOVEMENTS IN INVESTMENT PORTFOLIO

31 December 2017

INVESTMENTS

	Holdings as at 1 January 2017	Additions	Corporate Action	Disposals	Holdings as at 31 December 2017
<u>Financial assets at fair value through profit or loss</u>					
Listed Securities					
Agricultural Bank of China Ltd	53,924	3,000	–	56,924	–
Anhui Conch Cement Co Ltd	3,022	–	–	3,022	–
Avic Aviation Engine Corp PLC	1,100	–	–	1,100	–
Bank of Beijing Co Ltd	17,387	–	1,437	18,824	–
Bank of China Ltd	31,332	2,000	–	33,332	–
Bank of Communications Co Ltd	39,264	2,200	–	41,464	–
Bank of Jiangsu Co Ltd	–	1,700	–	1,700	–
Bank of Shanghai Co Ltd	–	900	90	990	–
Baoshan Iron & Steel Co Ltd	7,910	3,600	–	11,510	–
Beijing Xinwei Technology Group Co Ltd	1,700	–	–	–	1,700
BOE Technology Group Co Ltd	33,031	–	–	33,031	–
BYD Co Ltd	799	–	–	799	–
China CITIC Bank Corp Ltd	4,576	–	–	4,576	–
China Communications Construction Co Ltd	2,669	–	–	2,669	–
China Everbright Bank Co Ltd	23,756	–	–	23,756	–
China Galaxy Securities Co Ltd	–	800	–	800	–
China Life Insurance Co Ltd	2,516	–	–	2,516	–
China Merchants Bank Co Ltd	14,565	900	–	15,465	–
China Merchants Securities Co Ltd	3,217	–	–	3,217	–
China Merchant Shekou Industrial Zone Holdings Co Ltd	3,300	–	–	3,300	–
China Minsheng Banking Corp Ltd	32,884	1,800	–	34,684	–
China National Nuclear Power Co Ltd	7,000	–	–	7,000	–
China Pacific Insurance Group Co Ltd	4,586	–	–	4,586	–
China Petroleum & Chemical Corp	15,569	–	–	15,569	–
China Railway Construction Corp Ltd	6,370	–	–	6,370	–
China Railway Group Ltd	10,345	–	–	10,345	–
China Shenhua Energy Co Ltd	2,940	–	–	2,940	–
China Shipbuilding Industry Co Ltd	13,748	–	–	13,748	–
China State Construction Engineering Corp Ltd	20,799	–	–	20,799	–
China United Network Communications Ltd	11,773	–	–	11,773	–

ChinaAMC CES China A80 Index ETF
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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2017

INVESTMENTS (continued)

	Holdings as at 1 January 2017	Additions	Corporate Action	Disposals	Holdings as at 31 December 2017
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities (continued)					
China Vanke Co Ltd	9,428	–	–	9,428	–
China Yangtze Power Co Ltd	9,745	1,000	–	10,745	–
Chongqing Changan Automobile Co Ltd	2,679	–	–	2,679	–
CITIC Securities Co Ltd	10,931	600	–	11,531	–
CRRC Corp Ltd	12,781	–	–	12,781	–
Daqin Railway Co Ltd	8,656	–	–	8,656	–
East Money Information Co Ltd	3,100	–	620	3,720	–
Everbright Securities Co Ltd	2,700	–	–	2,700	–
Focus Media Information Technology Co Ltd	800	800	280	1,880	–
Founder Securities Co Ltd	6,580	–	–	6,580	–
GD Power Development Co Ltd	15,358	–	–	15,358	–
GF Securities Co Ltd	4,355	–	–	4,355	–
Giant Network Group Co Ltd	–	500	100	600	–
Great Wall Motor Co Ltd	1,537	–	–	1,537	–
Gree Electric Appliances Inc of Zhuhai	7,021	–	–	7,021	–
Greenland Holdings Corp Ltd	3,400	1,400	–	4,800	–
Guosen Securities Co Ltd	3,549	–	–	3,549	–
Guotai Junan Securities Co Ltd	6,400	800	–	7,200	–
Haitong Securities Co Ltd	11,434	–	–	11,434	–
Hangzhou Hikvision Digital Technology Co Ltd	2,265	1,400	1,132	4,797	–
Henan Shuanghui Investment & Development Co Ltd	1,444	–	–	1,444	–
Huatai Securities Co Ltd	4,749	–	–	4,749	–
Huaxia Bank Co Ltd	7,716	–	503	8,219	–
Industrial & Commercial Bank of China Ltd	29,970	–	–	29,970	–
Industrial Bank Co Ltd	18,846	1,000	–	19,846	–
Inner Mongolia BaoTou Steel Union Co Ltd	13,600	–	5,440	19,040	–
Inner Mongolia Yili Industrial Group Co Ltd	8,380	–	–	8,380	–
Jiangsu Hengrui Medicine Co Ltd	1,958	–	392	2,350	–

ChinaAMC CES China A80 Index ETF
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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2017

INVESTMENTS (continued)

	Holdings as at 1 January 2017	Addition s	Corporate Action	Disposals	Holdings as at 31 December 2017
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities (continued)					
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	926	–	–	926	–
Kangmei Pharmaceutical Co Ltd	–	3,900	–	3,900	–
Kweichow Moutai Co Ltd	743	–	–	743	–
Leshi Internet Information & Technology Corp Beijing	900	700	1,600	–	3,200
Midea Group Co Ltd	6,226	–	–	6,226	–
New China Life Insurance Co Ltd	1,226	–	–	1,226	–
Orient Securities Co Ltd	4,300	–	–	4,300	–
PetroChina Co Ltd	7,039	–	–	7,039	–
Ping An Bank Co Ltd	11,961	–	–	11,961	–
Ping An Insurance Group Co of China Ltd	15,001	700	–	15,701	–
Poly Real Estate Group Co Ltd	9,739	–	–	9,739	–
Power Construction Corp of China Ltd	6,614	–	–	6,614	–
Qingdao Haier Co Ltd	4,248	–	–	4,248	–
SAIC Motor Corp Ltd	4,728	–	–	4,728	–
Shanghai Electric Group Co Ltd	4,300	–	–	4,300	–
Shanghai International Port Group Co Ltd	5,235	–	–	5,235	–
Shanghai Oriental Pearl Media Co Ltd	1,800	–	–	1,800	–
Shanghai Pudong Development Bank Co Ltd	12,374	1,000	3,712	17,086	–
Shanghai RAAS Blood Products Co Ltd	1,415	–	–	1,415	–
Shenwan Hongyuan Group Co Ltd	8,944	–	–	8,944	–
Shenzhen Overseas Chinese Town Co Ltd	4,793	–	–	4,793	–
Sinopec Oilfield Service Corp	2,600	–	–	2,600	–
Suning Commerce Group Co Ltd	5,201	–	–	5,201	–
Wanda Film Holding Co Ltd	700	–	–	400	300
Wuliangye Yibin Co Ltd	2,568	–	–	2,568	–
Yunnan Baiyao Group Co Ltd	733	–	–	733	–
Zhejiang Zheneng Electric Power Co Ltd	4,269	1,100	–	5,369	–

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PERFORMANCE RECORD

31 December 2017

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 2017	82,822	0.2761
31 December 2016	7,401,688	9.8689
31 December 2015	24,014,956	10.6733

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 2017	13.2071	0.2761
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:			
10 November 2017 (the Trading Cessation Date)	120.99%	92.32%	77.49%
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.

