



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

CSOP SZSE CHINEXT ETF
Stock Codes: 83147 (RMB counter) and 03147 (HKD counter)
(A sub-fund of CSOP ETF Series)

Reports and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2017



**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

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CSOP SZSE CHINEXT ETF (A SUB-FUND OF CSOP ETF SERIES)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CSOP SZSE ChiNext ETF (the “CSOP ChiNext 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 13 May 2015 and commenced trading in RMB under the stock code 83147 on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 15 May 2015; following the SEHK’s dual counter model, the CSOP ChiNext ETF started trading in HKD under the stock code 03147 on the SEHK on 15 May 2015 too. The CSOP ChiNext ETF is benchmarked against the ChiNext Index and adopts the full-replication strategy. The manager and RQFII Holder of the CSOP ChiNext ETF is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP ChiNext ETF is a physical ETF which invests directly in the ChiNext Index securities through the RQFII quotas of the Manager. Under current regulations in the People’s Republic of China (“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 China Securities Regulatory Commission (“CSRC”) and have been granted quota(s) by the State Administration of Foreign Exchange (“SAFE”) to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets. Meanwhile, from November 17, 2014, foreign investors can trade eligible stocks listed in Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect. And from December 5, 2016, foreign investors can trade eligible stocks listed in Shenzhen Stock Exchange through Shenzhen-Hong Kong Stock Connect. The Manager has obtained RQFII status and the total RQFII quotas obtained by the Manager amount to RMB 46.1 billion as of 31 December 2017.

The ChiNext Index (the “Index”) is compiled and published by Shenzhen Securities Information Co., Ltd. It comprises the top 100 A-Share companies listed on the ChiNext board of the Shenzhen Stock Exchange ranked by total market capitalization, free-float market capitalization and turnovers. The Index operates under clearly defined rules published by the index provider and is a tradable index.

The Sub-Fund Performance

The CSOP ChiNext ETF seeks to provide investment results, before fees and expenses, which closely correspond to the performance of the Index. As of 29 December 2017 (last trading date), the dealing Net Asset Value (“NAV”) per unit of the CSOP ChiNext ETF was RMB 6.3402 and there were 40,200,000 units outstanding. The total asset under management was approximately RMB 254.9 million as at 29 December 2017 (last trading date).

For the period from 1 January 2017 to 29 December 2017 (last trading date), the dealing NAV of CSOP ChiNext ETF RMB counter (stock code 83147) decreased by 13.18% while the performance of the Index decreased by 10.67%. The difference in performance between the NAV of the CSOP ChiNext ETF and the Index is mainly attributed to fees and expenses. YTD Price return of the RMB counter (stock code 83147) was –13.18%.

Exchange Liquidity

Since inception, the CSOP ChiNext ETF has attracted great investor attention from investors across the globe. The trading value of the RMB counter (stock code: 83147) remained steadily at an average daily turnover of RMB 0.11 million in December 2017. The trading value of the HKD counter (stock code: 03147) remained steadily at an average daily turnover of HKD 1.8 million in December 2017. The trading volume for the CSOP ChiNext ETF reflected strong interest in the CSOP ChiNext ETF.

Portfolio Rebalance

The CSOP ChiNext ETF adopts full-replication strategy to track the Index. Since inception, the Sub-Fund has experienced ten quarterly index rebalances.

**CSOP SZSE CHINEXT 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 SZSE ChiNext ETF (the "Sub-Fund"), a sub-fund of CSOP ETF Series, has, in all material respects, been 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 2017.

HSBC Institutional Trust Services (Asia) Limited
27 April 2018

**CSOP SZSE CHINEXT 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 SZSE ChiNext 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 2017, the Trust has established seven sub-funds, namely, CSOP SZSE ChiNext ETF, CSOP FTSE China A50 ETF, CSOP CES China A80 ETF, CSOP MSCI T50 ETF, CSOP China CSI 300 Smart ETF, CSOP MSCI China A International ETF and ICBC CSOP S&P New China Sectors ETF (Formerly known as 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 SZSE CHINEXT 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 SZSE ChiNext ETF (the "Sub-Fund"), a sub-fund of CSOP ETF Series, set out on pages 8 to 28, which comprise:

- the statement of financial position as at 31 December 2017;
- 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 2017, 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 SZSE CHINEXT 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:

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><u>Existence and valuation of investments</u></p> <p>The Sub-Fund's investments as at 31 December 2017 were mainly comprised of listed equities of companies in the People's Republic of China, valued at RMB254,744,218. These investments held by the Sub-Fund include listed equities of RMB18,436,784 which have been suspended from trading as at 31 December 2017.</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 2017 because the judgment 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 2017. We found no material exceptions from our testing.</p> <p>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 judgment 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 judgment 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 SZSE CHINEXT 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 Appendix E of 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.
- 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF CSOP SZSE CHINEXT 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)

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 Appendix E of 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 Appendix E of 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, 27 April 2018

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	<i>Notes</i>	2017 <i>RMB</i>	2016 <i>RMB</i>
ASSETS			
NON-CURRENT ASSETS			
Deposit reserve		224,000	224,000
		-----	-----
CURRENT ASSETS			
Investments	7(c),8(a)	254,744,218	379,842,877
Interest receivable		94	235
Amounts due from participating dealers		648	-
Bank balances	7(c)	315,015	3,540,105
		-----	-----
		255,059,975	383,383,217
		-----	-----
Total assets		255,283,975	383,607,217
		=====	=====
LIABILITIES			
CURRENT LIABILITIES			
Amounts due to participating dealers		-	3,652,532
Management fee payable	7(a)	211,699	316,584
Other accounts payable		445,519	334,694
		-----	-----
Total liabilities		657,218	4,303,810
		-----	-----
EQUITY			
Net assets attributable to unitholders	4	254,626,757	379,303,407
		=====	=====

The financial statements on pages 8 to 28 were approved by the Trustee and the Manager on 27 April 2018 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 accompanying notes form an integral part of these financial statements.

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

		Year ended 31 December 2017 <i>RMB</i>	Year ended 31 December 2016 <i>RMB</i>
	<i>Notes</i>		
INCOME			
Dividend income		1,709,522	1,190,490
Interest income	7(c)	7,721	18,421
Net loss on investments	5	(38,025,593)	(105,843,517)
Other income		566,916	306,204
		<hr/>	<hr/>
Total net loss		(35,741,434)	(104,328,402)
		<hr/>	<hr/>
EXPENSES			
Management fee	7(a),(b)	(2,798,749)	(3,206,286)
Transaction costs on investments		(437,629)	(849,759)
Audit fee		(84,042)	(280,922)
Safe custody and bank charges		(260,622)	(446,513)
Legal and other professional fee		(3,314)	(10,055)
Other operating expenses		(358,092)	(394,922)
		<hr/>	<hr/>
Total operating expenses		(3,942,448)	(5,188,457)
		<hr/>	<hr/>
Operating loss		(39,683,882)	(109,516,859)
		<hr/>	<hr/>
Taxation	6	(176,698)	(132,526)
		<hr/>	<hr/>
Total comprehensive income		(39,860,580)	(109,649,385)
		<hr/> <hr/>	<hr/> <hr/>

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

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2017

	Year ended 31 December 2017 <i>RMB</i>	Year ended 31 December 2016 <i>RMB</i>
Net assets attributable to unitholders at the beginning of the year	379,303,407	294,396,492
Proceeds on issue of units	21,152,860	391,094,650
Payments on redemption of units	(105,968,930)	(196,538,350)
Net (decrease)/ increase from unit transactions	(84,816,070)	194,556,300
Total comprehensive income for the year	(39,860,580)	(109,649,385)
Net assets attributable to unitholders at the end of the year	254,626,757	379,303,407

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

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

STATEMENT OF CASH FLOWS

For the year ended 31 December 2017

	Year ended 31 December 2017 <i>RMB</i>	Year ended 31 December 2016 <i>RMB</i>
OPERATING ACTIVITIES		
Payments for purchase of investments	(108,039,573)	(459,299,075)
Proceeds from sale of investments	195,112,639	267,885,601
Dividend received	1,709,522	1,190,490
Interest received	7,862	18,260
Other income received	566,916	306,204
Management fee paid	(2,917,654)	(3,126,074)
Transaction costs paid	(437,629)	(849,759)
Taxation paid	(176,698)	(132,526)
Other operating expenses paid	(581,225)	(1,091,858)
Deposit reserve paid	-	(84,000)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	85,244,160	(195,182,737)
	-----	-----
FINANCING ACTIVITIES		
Proceeds on issue of units	21,152,212	391,094,650
Payments on redemption of units	(109,621,462)	(192,885,818)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(88,469,250)	198,208,832
	-----	-----
Net (decrease)/increase in cash and cash equivalents	(3,225,090)	3,026,095
Cash and cash equivalents at the beginning of the year	3,540,105	514,010
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	315,015	3,540,105
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Bank balances	315,015	3,540,105
	<hr/> <hr/>	<hr/> <hr/>

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

**CSOP SZSE CHINEXT 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 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 2017, the Trust has seven sub-funds which are CSOP SZSE ChiNext ETF (“the Sub-Fund”), CSOP CES China A80 ETF, CSOP FTSE China A50 ETF, CSOP MSCI T50 ETF, CSOP China CSI 300 Smart ETF, CSOP MSCI China A International ETF and ICBC CSOP S&P New China Sectors ETF (Formerly known as CSOP S&P New China Sectors ETF). The date of inception of the Sub-Fund was 13 May 2015. 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, the ChiNext Index. In order to achieve the investment objective of the Sub-Fund, the Manager will primarily use 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 also invests not more than 5% of its net asset value in securities other than index securities 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/Shenzhen - Hong Kong Stock Connect Program (“Stock Connect”).

The Sub-Fund will directly invest in securities issued within the PRC primarily 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 CES China A80 ETF, CSOP MSCI T50 ETF, CSOP China CSI 300 Smart ETF, CSOP MSCI China A International ETF and ICBC CSOP S&P New China Sectors ETF (Formerly known as 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 years presented, unless otherwise stated.

(a) Basis of preparation

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

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and the 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 2017

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 amendment does not have any significant impact on the Sub-Fund.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2017 that have a material effect on the financial statements of the Sub-Fund.

New standard and amendments to standards effective after 1 January 2017 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

HKFRS 9, ‘Financial instruments’, addresses the classification, measurement and derecognition of financial assets and financial liabilities. It replaces the multiple classification and measurement models in HKAS 39 and is effective for reporting periods beginning on or after 1 January 2018.

Classification and measurement of debt assets will be driven by the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. HKFRS 9 also introduces a new expected credit loss (ECL) impairment model.

On adoption of HKFRS 9 the Sub-Fund’s investment portfolio will continue to be classified as fair value through profit or loss. Other financial assets which are held for collection will continue to be measured at amortised cost with no material impact expected from application of the new impairment model. As a result, the adoption of HKFRS 9 is not expected to have a material impact on the Sub-Fund’s financial statements.

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New standard and amendments to standards effective after 1 January 2017 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund (Continued)

In addition to the above, a number of new standards, amendment to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of 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 – the date on which the Sub-Fund commits to purchase or sell the investments. 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 as incurred 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 period in which they arise.

(iv) Fair value estimation

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

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

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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Investments (Continued)

(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) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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 the statement of comprehensive income as an expense.

(i) 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)

(j) Cash and cash equivalents

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

(k) Foreign currencies translation

Functional and presentation currency

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

Transactions and balances

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

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

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”.

(l) Redeemable units

The Sub-Fund issues redeemable units, which are redeemable at the holder’s option. These units represent 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 subscriptions and redemptions of the Sub-Fund.

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) Establishment costs

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

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

Fair value of securities that are suspended from trading

As at 31 December 2017 and 2016, 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 2017, these investments held by the Sub-Fund included listed equities of RMB18,436,784 (2016: RMB35,314,936) 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 nine investments (2016: seven investments) amounted to RMB16,409,521 (2016: RMB35,314,936) as at 31 December 2017. Management has applied appropriate models and assumptions to determine the fair value of one investment (2016: Nil) classified as level 3 held by the Sub-Fund amounted to RMB2,027,263 as at 31 December 2017 (2016: Nil). 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 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(l), 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 years ended 31 December 2017 and 2016 are as follows:

	2017 Units	2016 Units
Number of units in issue at the beginning of the year	52,000,000	29,000,000
Units issued	3,100,000	48,000,000
Units redeemed	(14,900,000)	(25,000,000)
	<u>40,200,000</u>	<u>52,000,000</u>
Number of units in issue at the end of the year	<u><u>40,200,000</u></u>	<u><u>52,000,000</u></u>

As stated in Note 2(n), 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 2017 and 2016, the expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of RMB 232,564 (2016: RMB407,432) when compared with the methodology indicated in the Trust's Prospectus.

	2017 RMB	2016 RMB
Net assets attributable to unitholders as reported in the statement of financial position	254,626,757	379,303,407
Adjustments for unamortised establishment costs	232,564	407,432
	<u>254,859,321</u>	<u>379,710,839</u>
Net asset value in accordance with the Trust's Prospectus	<u><u>254,859,321</u></u>	<u><u>379,710,839</u></u>
Net assets attributable to unitholders per unit as at 31 December (per statement of financial position)	<u>6.3340</u>	<u>7.2943</u>
Net assets attributable to unitholders per unit as at 31 December (at dealing net asset value)	<u><u>6.3398</u></u>	<u><u>7.3021</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

5. NET LOSS ON INVESTMENTS

	Year ended 31 December 2017 <i>RMB</i>	Year ended 31 December 2016 <i>RMB</i>
Net fair value change in unrealised gain/loss in value of investments	14,423,591	(37,810,987)
Net realised loss on sale of investments	(52,449,184)	(68,032,530)
	<u>(38,025,593)</u>	<u>(105,843,517)</u>

6. TAXATION

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

PRC tax

The Sub-Fund invests in A-Shares listed in the PRC and is subjected to 10% withholding tax on dividend income derived from A-Shares. Withholding tax was charged on dividend income received from A-Shares during the years ended 31 December 2017 and 2016.

The taxation of the Sub-Fund for the years ended 31 December 2017 and 2016 represents:

	Year ended 31 December 2017 <i>RMB</i>	Year ended 31 December 2016 <i>RMB</i>
Withholding tax on dividend income	175,983	130,708
Withholding tax on interest income	715	1,818
Taxation	<u>176,698</u>	<u>132,526</u>

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NOTES TO THE FINANCIAL STATEMENTS

7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS

The following is a summary of significant related party transactions/transactions entered into during the year between the Sub-Fund and the Trustee, the Manager and 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 years ended 31 December 2017 and 2016, 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

The Manager is entitled to receive a management fee, currently at the rate of 0.99% per annum of the net asset value of the Sub-Fund, inclusive of Trustee fee and Registrar's fee, accrued daily and calculated as at each dealing day and payable monthly in arrears.

(b) Trustee fee and Registrar's fee

The Trustee fee and Registrar's fee are included 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).

The Trustee shall also be entitled to be reimbursed from the Sub-Fund for all out-of-pocket expenses incurred.

(c) Financial assets

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

	2017 <i>RMB</i>	2016 <i>RMB</i>
Investments		
HSBC Bank (China) Company Limited	254,744,218	379,842,877
	<hr/> <hr/>	<hr/> <hr/>
Bank balances		
HSBC Bank (China) Company Limited	167,374	3,512,825
The Hongkong and Shanghai Banking Corporation Limited	147,641	27,280
	<hr/> <hr/>	<hr/> <hr/>
	315,015	3,540,105
	<hr/> <hr/>	<hr/> <hr/>

Interest income amounted to RMB7,721 (2016: RMB38,172) was earned on these bank balances for the years ended 31 December 2017 and 2016.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT

The objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the ChiNext 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 ChiNext Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index. The Manager manages the Sub-Fund's exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked index.

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

	2017		2016	
	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	12,533,671	4.92	14,061,949	3.71
Consumer Goods	37,018,572	14.54	22,356,691	5.89
Consumer Services	28,398,507	11.15	51,767,765	13.65
Financials	2,027,263	0.80	14,024,399	3.70
Health Care	32,933,062	12.94	48,874,675	12.88
Industrials	78,502,218	30.83	109,729,210	28.93
Oil & Gas	5,356,289	2.10	5,634,747	1.48
Technology	56,120,239	22.04	110,211,905	29.06
Telecommunications	1,854,397	0.73	3,181,536	0.84
	<u>254,744,218</u>	<u>100.05</u>	<u>379,842,877</u>	<u>100.14</u>

The Sub-Fund held 93 out of 100 (2016: 100 out of 100) constituents comprising the ChiNext Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the ChiNext Index.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

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

As at 31 December 2017 and 2016, if the ChiNext Index were to increase by 10% (2016: 10%) with all other variables held constant, this would increase the operating profit for the year by approximately RMB26,624,009 (2016: RMB38,171,989). Conversely, if the ChiNext Index were to decrease by 10% (2016: 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 2017 and 2016, interest rate risk arises only from bank balances. As the bank balances held by the Sub-Fund is short term in nature and interest arising from these interest bearing assets are immaterial, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. As a result, the Manager considers sensitivity analysis of interest rate risk is not necessary to be presented.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund is not exposed to currency risk arising from balances and transactions in foreign currencies as the majority of its assets and liabilities are denominated in RMB, the Sub-Fund's functional and presentation currency. As a result, the Manager 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 2017 and 2016, the Sub-Fund placed bank balances of RMB147,641 (2016: RMB27,280) with The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), which is the custodian of the Sub-Fund. The S&P credit rating of HSBC is A (2016: A).

As at 31 December 2017 and 2016, the Sub-Fund placed bank balances of RMB167,374 (2016: RMB3,512,825) and investments of RMB254,744,218 (2016: RMB379,842,877) 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 (2016: A1).

The maximum exposure to credit risk as at 31 December 2017 and 2016 is the carrying amount of the financial assets as shown on the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

The Manager considers that none of these assets are impaired nor past due as at 31 December 2017 and 2016.

(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.

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>
As at 31 December 2017				
Management fee payable	211,699	-	-	211,699
Other accounts payable	10,505	240	434,774	445,519
Contractual cash outflow	<u>222,204</u>	<u>240</u>	<u>434,774</u>	<u>657,218</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>
As at 31 December 2016				
Amounts due to participating dealers	3,652,532	-	-	3,652,532
Management fee payable	316,584	-	-	316,584
Other accounts payable	-	14,860	319,834	334,694
Contractual cash outflow	<u>3,969,116</u>	<u>14,860</u>	<u>319,834</u>	<u>4,303,810</u>

Units are redeemed on demand at the unitholder's option. As at 31 December 2017 and 2016, there were 3 (2016: 2) unitholders holding more than 10% of the Sub-Fund's units.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

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>
As at 31 December 2017				
Total assets	236,623,097	7,258,140	11,402,738	255,283,975
	Less than 1 month <i>RMB</i>	1 to 12 months <i>RMB</i>	No stated maturity <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2016				
Total assets	367,052,343	235	16,554,639	383,607,217

(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 that the Sub-Fund can access at the measurement date (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.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets (by class) measured at fair value at 31 December 2017 and 2016:

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2017				
Assets				
Investments				
- Equity securities	236,307,434	16,409,521	2,027,263	254,744,218
Total assets	<u>236,307,434</u>	<u>16,409,521</u>	<u>2,027,263</u>	<u>254,744,218</u>
	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2016				
Assets				
Investments				
- Equity securities	344,527,941	28,791,116	6,523,820	379,842,877
Total assets	<u>344,527,941</u>	<u>28,791,116</u>	<u>6,523,820</u>	<u>379,842,877</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.

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 2017 and 2016.

As at 31 December 2017, ten listed equity investments amounted to RMB18,436,784, represented 7.24% of the net asset value of the Sub-Fund, were suspended for trading and all were due to their business restructuring. Four of the suspended investments as at 31 December 2017 have resumed trading on 5 January 2018, 17 January 2018, 18 January 2018 and 24 January 2018 respectively.

As at 31 December 2016, seven listed equity investments amounted to RMB35,314,936, represented 9.31% of the net asset value of the Sub-Fund, were suspended for trading and all were due to their business restructuring. Three of the suspended investments as at 31 December 2016 have resumed trading on 6 January 2017, 16 January 2017 and 23 January 2017 respectively.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The suspended equity investments of RMB16,409,521 (2016: RMB28,791,116) have been transferred from level 1 to level 2 and classified as level 2 investment during the years ended 31 December 2017 and 2016. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or do not trade.

The following table presents the movements in level 3 investment of the Sub-Fund for the years ended 31 December 2017 and 2016:

	31 December 2017 <i>RMB</i>	31 December 2016 <i>RMB</i>
Opening balance	6,523,820	-
Purchase	-	3,947,587
Sales	-	(1,210,785)
Transfer from level 1 to level 3	9,094,739	2,981,375
Transfer from level 3 to level 1	(6,523,820)	
Net losses recognized in statement of comprehensive income	(7,067,476)	805,643
Closing balance	<u>2,027,263</u>	<u>6,523,820</u>
Change in unrealized gains or losses for level 3 assets held at year end and included in the statement of comprehensive income at the end of the year	<u>(7,067,476)</u>	<u>805,643</u>

The following table presents level 3 investments of the Sub-Fund as at 31 December 2017 and 2016:

As at 31 December 2017

<u>Type of security</u>	<u>Reason for suspension</u>	<u>% of NAV</u>
Listed equity	Business restructuring	0.80%

As at 31 December 2016

<u>Type of security</u>	<u>Reason for suspension</u>	<u>% of NAV</u>
Listed equity	Business restructuring	1.72%

The assets and liabilities included in the statement of financial position, other than investments, 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.

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(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. FINANCIAL INSTRUMENTS BY CATEGORY

As of 31 December 2017 and 2016, 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, other receivables and bank balances are categorised as loans and receivables and carried at amortised cost. 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.

10. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Traded Funds (the "ETF Guidelines"), it 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 the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index and the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the Index (except as a result of changes in the composition of the Index and the excess is transitional and temporary in nature).

The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the years ended 31 December 2017 and 2016.

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 ChiNext Index as at 31 December 2017 and 2016.

During the years ended 31 December 2017 and 2016, the ChiNext Index decreased by 10.67% (2016: decreased by 27.71%) while the net asset value per unit of the Sub-Fund decreased by 13.17% (2016: decreased by 28.15%).

11. SOFT COMMISSION ARRANGEMENT

The Manager confirms that there has been no soft commission arrangements existing during the years ended 31 December 2017 and 2016 in relation to directing transactions of the Sub-Fund through a broker or dealer.

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

12. 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 ChiNext 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 ChiNext Index, the tracked index.

The total of non-current assets of the Sub-Fund located in PRC is RMB 224,000 (2016: RMB224,000). The Sub-Fund has no other assets classified as non-current assets. As at 31 December 2017 and 2016, the Sub-Fund has a diversified portfolio of investments and no single investment accounts for more than 10% (2016: 10%) of the Sub-Fund's net asset value.

13. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 27 April 2018.

CSOP SZSE CHINEXT ETF
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INVESTMENT PORTFOLIO (Unaudited)

As at 31 December 2017

	Holdings	Fair value RMB	% of net assets
Investments (100.05%)			
Listed equities (100.05%)			
China (100.05%)			
AIER EYE HOSPITAL GROUP CO A SHARE ORD CNY1	127,864	3,938,211	1.55
ALL WINNER TECHNOLOGY CO LTD A SHS ORD NPV	37,871	1,077,809	0.42
ANHUI ANKE BIOTECHNOLOGY GROUP CO LTD A SHRS	103,778	2,690,963	1.06
ANHUI SHENGYUN MACHINERY CO LTD A SHRS ORD CNY1	209,892	1,939,402	0.76
BEIJING BAOFENG TECHNOLOGY CO LTD A SHRS ORD	61,442	1,339,435	0.53
BEIJING EASPRING MATERIAL TECHNOLOGY CO LTD A SHS	60,300	1,585,287	0.62
BEIJING EGOVA CO LTD A SHS ORD CNY1	62,600	1,012,868	0.40
BEIJING E-HUALU INFORMATION TECHNOLOGY CO LTD A	48,999	1,327,873	0.52
BEIJING ENLIGHT MEDIA CO LTD A SHR ORD CNY1	228,028	2,382,893	0.94
BEIJING HUALUBAINA FILM & TV CO LTD A SHR ORD CNY1	85,571	971,231	0.38
BEIJING JETSON TECHNOLOGY CO LTD A SHRS ORD CNY1	315,616	2,717,454	1.07
BEIJING KUNLUN TECH CO LTD ORD CNY1	117,260	2,412,038	0.95
BEIJING LANXUM TECHNOLOGY A SHS A ORD CNY1	109,886	1,227,427	0.48
BEIJING ORIENT NATIONAL COMMUNICATI SCIENCE &	191,458	2,402,798	0.94
BEIJING ORIGINWATER TECHNOLOGY CO LTD A SHR ORD	362,713	6,300,325	2.47
BEIJING PHILISENSE TECHNOLOGY CO LTD A SHS ORD	250,256	1,854,397	0.73
BEIJING SINNET TECHNOLOGY- A SHRS ORD RMB1	232,600	3,067,994	1.21
BEIJING SJ ENVIRONMENTAL PROTECTION AND NEW	211,685	7,436,494	2.92
BEIJING THUNISOFT CORP LTD ORD CNY1	118,068	1,756,852	0.69
BEIJING ULTRAPOWERSOFTWAR A ORD CNY1	294,276	1,800,969	0.71
BEIJING VRV SOFTWARE CORP LTD A SHRS ORD CNY1	242,307	964,382	0.38
BEIJING WATER BUSINESS DOCTOR CO LTD A SHR ORD	143,600	3,019,908	1.19
BEIJING WATERTEK INFORMATION TECHNOLOGY CO LTD	118,187	1,729,076	0.68
BETTA PHARMACEUTICALS CO LTD A SHRS ORD CNY1	10,800	683,532	0.27
BLUEDON INFORMATION SAFE TECHNOLOGY CO LTD A SHS	107,900	1,029,366	0.40
BLUEFOCUS COMMUNICATION GROUP CO LTD A SHR ORD	346,616	1,913,320	0.75
BOYA BIO-PHARMACEUTICAL GROUP CO LTD A SHRS ORD CNY1 (FORMERLY KNOWN AS JIANGXI BOYA BIO- PHARMACEUTICA ORD CNY1)	41,867	1,253,917	0.49
CHAOZHOU THREE CIRCLE GROUP CO LTD ORD CNY1	258,710	5,215,594	2.05
CHENGDU CORPRO TECHNOLOGY CO LTD A SHR ORD CNY1	101,090	1,356,628	0.53
CHINESEALL DIGITAL PUBLISHING GROUP CO LTD A SHS	88,506	816,910	0.32
CHONGQING ZHIFEI BIOLOGICAL PRODUCT CO LTD A SHRS	111,691	3,135,166	1.23
CSG SMART SCIENCE&TECHNOLOGY CO LTD A SHRS ORD	46,967	926,659	0.36
DIAN DIAGNOSTICS GROUP CO.LTD SHRS A ORD CNY1 (FORMERLY KNOWN AS ZHEJIANG DA DIAGNOSTICS CO LTD SHRS A ORD CNY1)	75,035	1,772,327	0.70
EAST MONEY INFORMATION CO LTD A SHR ORD CNY1	708,596	9,176,318	3.60
EVE ENERGY CO LTD A SHARE ORD CNY1	113,643	2,228,539	0.88
FOCUSED PHOTONICS HANGZHOU-A SHRS ORD CNY1	73,669	2,618,933	1.03
GUANGDONG BY-HEALTH BIOTECHNOLOGY CO LTD A SHS	182,000	2,733,640	1.07
GUANGDONG EASTONE CENTURY TECH CO LTD A SHS ORD	114,560	1,327,750	0.52
GUANGDONG GOSUN TELECOMMUNICATIONS CO LTD A	113,024	1,503,219	0.59
GUANGDONG JANUS INTELLIGENT GROUP CORP LTD A SHS	197,900	1,502,061	0.59
GUANGDONG WENS FOODSTUFFS GROUP CO LTD A SHRS	904,849	21,625,891	8.49
HAND ENTERPRISE SOLUTIONS CO LTD A SHR ORD CNY1	157,139	1,869,954	0.73
HANGZHOU CENTURY CO LTD A ORD CNY1	128,850	1,390,291	0.55
HANGZHOU SHUNWANG TECHNOLOGY CO LTD A SHS ORD	102,037	1,866,257	0.73
HANGZHOU TIGERMED CONSULTING CO LTD A SHR ORD	72,700	2,557,586	1.00
HC SEMITEK CORPORATION-A SHRS ORD CNY 1	84,900	1,383,870	0.54

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INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 31 December 2017

	Holdings	Fair value RMB	% of net Assets
Investments (100.05%) (Continued)			
Listed equities (100.05%) (Continued)			
China (100.05%) (Continued)			
HITHINK FLUSH INFORMATION NETWORK CO LTD A SHS	46,860	2,342,063	0.92
HUAFON MICROFIBRE SHANGHAI CO LTD A SHR ORD CNY1	77,400	1,902,492	0.75
HUAYI BROTHERS MEDIA CORPORATION A SHR ORD CNY1	391,536	3,418,109	1.34
HUNAN CHINA SUN PHARMACEUTICAL MACHINERY CO	62,700	1,000,065	0.39
HYBIO PHARMACEUTICAL CO LTD A SHS ORD CNY1	111,700	1,818,476	0.71
INNER MONGOLIA HOTISION & MONSOD DROUGHT- JSTI GROUP ORD CNY1	256,700	3,219,018	1.26
JULONG CO LTD ORD CNY1	77,000	1,258,180	0.49
LENS TECHNOLOGY CO LTD A SHRS ORD CNY1	62,300	1,118,285	0.44
LEPU MEDICAL TECHNOLOGY A SHRS CNY1	116,832	3,487,435	1.37
LESHI INTERNET INFORMATION & TECHNOLOGY (BEIJING)	218,279	5,273,621	2.07
LEYARD OPTOELECTRONIC CO L A SHRS ORD CNY1	508,086	2,027,263	0.80
NANFANG ZHONGJIN ENVIRONMENT CO LTD A SHS ORD	185,800	3,621,242	1.42
NATIONZ TECHNOLOGIES INC A ORD CNY1	167,764	2,004,780	0.79
NETPOSA TECHNOLOGIES LTD A SHRS ORD NPV	142,700	1,427,000	0.56
OURPALM CO LTD ORD CNY1	103,979	1,568,003	0.62
QINGDAO TGOOD ELECTRIC A ORD CNY1	515,038	2,863,611	1.12
RISEN ENERGY CO LTD ORD CNY1	105,800	1,448,402	0.57
SHAANXI J&R FIRE PROTECTION CO LTD ORD CNY1	109,200	1,324,596	0.52
SHANGHAI WANGSU SCIENCE & TECHNOLOGY CO LTD A	136,800	1,042,416	0.41
SHENWU ENVIRONMENTAL TECH A SHS ORD CNY1	370,981	3,947,238	1.55
SHENZHEN CAPCHEM TECHNOLOGY- A ORD CNY1	141,300	3,413,808	1.34
SHENZHEN EVENWIN PRECISION TECH CO LTD CL A ORD	47,100	982,506	0.39
SHENZHEN INFOGEM TECHNOLOGIES CO LTD A SHS ORD	127,705	2,563,039	1.01
SHENZHEN INOVANCE TECHNOLOGY CO LTD A SHR ORD	68,595	932,892	0.37
SHENZHEN JIAWEI PHOTOVOLTAIC LIGHTING CO LTD A	250,337	7,264,780	2.85
SHENZHEN SUNWAY COMMUNICATION CO LTD ORD CNY1	51,038	799,255	0.31
SHENZHEN TAT FOOK TECHNOLOGY CO LTD A SHS ORD	184,212	9,339,548	3.67
SHENZHEN TECHAND ECOLOGY AND TD ENVIRONMENT	95,400	1,569,330	0.62
SHENZHEN YSSTECH INFO-TECH CO LTD A SHRS ORD CNY1	210,600	2,558,790	1.00
SIASUN ROBOT & AUTOMATION CO LTD A SHR ORD CNY1	103,350	1,277,406	0.50
SICHUAN MAKER BIOTECHNOLOGY CO LTD A SHRS ORD	295,615	5,563,474	2.19
SONGCHENG PERFORMANCE DEVELOPMENT CO LTD A	61,700	1,478,949	0.58
SUMAVISION TECHNOLOGIES CO LTD A ORD CNY1	160,610	2,996,983	1.18
SUNGROW POWER SUPPLY CO LTD CL A ORD CNY1	304,694	1,282,762	0.50
SUNWODA ELECTRONIC CO LTD A SHR ORD CNY1	172,213	3,232,438	1.27
THUNDER SOFTWARE TECHNOLOGY GO LTD ORD CNY1	161,600	1,577,216	0.62
TIANJIN CHASE SUN PHARMACEUTICAL CO LTD A SHRS	47,800	1,544,896	0.61
TONGYU HEAVY INDUSTRY CO LTD A SHS ORD CNY1	385,064	1,640,373	0.64
WALVAX BIOTECHNOLOGY CO LTD SHS A ORD CNY1	593,600	1,347,472	0.53
WINNING HEALTH TECHNOLOGY GROUP CO LTD SHS A	229,978	4,197,098	1.65
	267,446	1,794,563	0.70

**CSOP SZSE CHINEXT ETF
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INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 31 December 2017

	Holdings	Fair value RMB	% of net assets
Investments (100.05%) (Continued)			
Listed equities (100.05%) (Continued)			
China (100.05%) (Continued)			
WONDERS INFORMATION CO LTD A SHRS ORD CNY1	175,700	2,368,436	0.93
WUHU TOKEN SCIENCE CO LTD A SHR ORD CNY1	465,200	3,642,516	1.43
WUXI LEAD INTELLIGENT EQUIPMENT CO LTD A SHS ORD	39,200	2,233,224	0.88
XINGHUI AUTO MODEL CO LTD A SHR ORD CNY1	141,857	868,165	0.34
XINGYUAN ENVIRONMENT TECHNOLOGY CO LTD A SHS	141,972	3,833,244	1.51
XINJIANG MACHINERY RESEARCH INSTITUTE CO LTD A	224,247	2,332,169	0.92
ZHEJIANG ENJOYOR ELECTRONICS CO LTD A SHR ORD	121,200	1,418,040	0.56
ZHEJIANG HUACE FILM & TV CO LTD A SHS ORD CNY1	168,071	1,821,890	0.72
ZHEJIANG JINGSHENG MECHANICAL & ELECTRICAL CO	113,000	2,362,830	0.93
ZHEJIANG JINKE CULTURE INDUSTRY CO LTD A SHR ORD	133,600	1,486,968	0.58
ZHEJIANG KAISHAN COMPRESSOR CO LTD CL A ORD CNY1	85,100	1,191,400	0.47
ZHEJIANG NARADA POWER SOURCE CO LTD ORD CNY1	107,925	1,735,434	0.68
ZHUHAI HOKAI MEDICAL INSTRUMENT CO LTD A SHS ORD	125,410	1,136,215	0.45
Total investments		254,744,218	100.05
Other net assets		(117,461)	(0.05)
Net assets attributable to unitholders at 31 December 2017		<u>254,626,757</u>	<u>100.00</u>
Total investments, at cost		<u><u>330,999,315</u></u>	

**CSOP SZSE CHINEXT ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the year ended 31 December 2017

	Holdings				31 December 2017
	1 January 2017	Additions	Corporate actions	Disposals	
Investments					
Listed equities					
AIER EYE HOSPITAL GROUP CO A SHARE ORD CNY1	131,738	9,200	44,321	57,395	127,864
ALL WINNER TECHNOLOGY CO LTD A SHS ORD NPV	-	29,000	20,271	11,400	37,871
ANHUI ANKE BIOTECHNOLOGY GROUP CO LTD A SHRS ORD CNY1	118,260	11,000	24,018	49,500	103,778
ANHUI SHENGYUN MACHINERY CO LTD A SHRS ORD CNY1	281,292	21,100	-	92,500	209,892
BEIJING BAOFENG TECHNOLOGY CO LTD A SHRS ORD CNY1	80,200	1,400	11,142	31,300	61,442
BEIJING DINGHAN TECHNOLOGY CO LTD A SHS ORD CNY1	109,690	-	-	109,690	-
BEIJING EASPRING MATERIAL TECHNOLOGY CO LTD A SHS ORD CNY1	46,700	4,000	33,700	24,100	60,300
BEIJING EGOVA CO LTD A SHS ORD CNY1	98,910	65,100	-	101,410	62,600
BEIJING E-HUALU INFORMATION TECHNOLOGY CO LTD A SHR ORD CNY1	89,199	2,800	-	43,000	48,999
BEIJING ENLIGHT MEDIA CO LTD A SHR ORD CNY1	369,128	18,100	-	159,200	228,028
BEIJING HUALUBAINA FILM & TV CO LTD A SHR ORD CNY1	129,671	4,200	-	48,300	85,571
BEIJING JETSON TECHNOLOGY CO LTD A SHRS ORD CNY1	294,616	132,500	-	111,500	315,616
BEIJING KUNLUN TECH CO LTD ORD CNY1	176,560	9,000	-	68,300	117,260
BEIJING LANXUM TECHNOLOGY A SHS A ORD CNY1	166,986	8,400	-	65,500	109,886
BEIJING ORIENT NATIONAL COMMUNICATI SCIENCE & TECHNOLOGY CO LTD ORD CNY1	139,839	53,800	58,519	60,700	191,458
BEIJING ORIGINWATER TECHNOLOGY CO LTD A SHR ORD CNY1	587,613	29,100	-	254,000	362,713
BEIJING PHILISENSE TECHNOLOGY CO LTD A SHS ORD CNY1	267,356	81,300	-	98,400	250,256
BEIJING SINNET TECHNOLOGY- A SHRS ORD RMB1	134,700	41,600	104,400	48,100	232,600

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

For the year ended 31 December 2017

	Holdings				31 December 2017
	1 January 2017	Additions	Corporate actions	Disposals	
Investments (Continued)					
Listed equities (Continued)					
BEIJING SJ ENVIRONMENTAL PROTECTION AND NEW MATERIAL CO LTD A SHS ORD CNY1	220,709	15,000	77,195	101,219	211,685
BEIJING SUPERMAP SOFTWARE CO LTD A SHARES ORD CNY1	113,000	2,000	-	115,000	-
BEIJING THUNISOFT CORP LTD ORD CNY1	194,368	6,300	-	82,600	118,068
BEIJING ULTRAPOWERSOFTWAR A ORD CNY1	416,776	47,900	-	170,400	294,276
BEIJING VRV SOFTWARE CORP LTD A SHRS ORD CNY1	139,503	15,200	159,004	71,400	242,307
BEIJING WATER BUSINESS DOCTOR CO LTD A SHR ORD CNY1	231,300	11,700	-	99,400	143,600
BEIJING WATERTEK INFORMATION TECHNOLOGY CO LTD A SHRS ORD NPV	180,387	9,500	-	71,700	118,187
BETTA PHARMACEUTICALS CO LTD A SHRS ORD CNY1	-	11,800	-	1,000	10,800
BLUEDON INFORMATION SAFE TECHNOLOGY CO LTD A SHS ORD NPV	171,600	8,400	-	72,100	107,900
BLUEFOCUS COMMUNICATION GROUP CO LTD A SHR ORD CNY1	512,316	27,200	-	192,900	346,616
BOYA BIO-PHARMACEUTICAL GROUP CO LTD A SHRS ORD CNY1 (FORMERLY KNOWN AS JIANGXI BOYA BIO- PHARMACEUTICA ORD CNY1)	45,078	2,900	14,889	21,000	41,867
CHANGSHA JINGJIA MICROELECTRON A SHS ORD CNY1	-	25,400	-	25,400	-
CHAOZHOU THREE CIRCLE GROUP CO LTD ORD CNY1	416,711	20,700	-	178,701	258,710
CHENGDU CORPRO TECHNOLOGY CO LTD A SHR ORD CNY1	143,690	15,200	-	57,800	101,090
CHINESEALL DIGITAL PUBLISHING GROUP CO LTD A SHS ORD CNY1	56,600	2,100	70,406	40,600	88,506
CHONGQING ZHIFEI BIOLOGICAL PRODUCT CO LTD A SHRS ORD CNY1	155,391	11,300	-	55,000	111,691
CSG SMART SCIENCE&TECHNOLOGY CO LTD A SHRS ORD CNY1	93,900	2,967	-	49,900	46,967

**CSOP SZSE CHINEXT ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)

For the year ended 31 December 2017

	Holdings				31 December 2017
	1 January 2017	Additions	Corporate actions	Disposals	
Investments (Continued)					
Listed equities (Continued)					
DIAN DIAGNOSTICS GROUP CO.LTD SHRS A ORD CNY1 (FORMERLY KNOWN AS ZHEJIANG DA DIAGNOSTICS CO LTD SHRS A ORD CNY1)	120,235	6,200	-	51,400	75,035
EAST GROUP CO LTD A SHRS ORD CNY1	-	38,100	114,300	152,400	-
EAST MONEY INFORMATION CO LTD A SHR ORD CNY1	816,630	104,900	883,966	1,096,900	708,596
EVE ENERGY CO LTD A SHARE ORD CNY1	91,600	7,600	61,743	47,300	113,643
FOCUSED PHOTONICS HANGZHOU-A SHRS ORD CNY1	118,669	6,400	-	51,400	73,669
GRANDHOPE BIOTECH CO LTD A SHRS ORD CNY1	73,774	1,400	-	75,174	-
GUANGDONG BY-HEALTH BIOTECHNOLOGY CO LTD A SHS ORD CNY1	290,000	14,600	-	122,600	182,000
GUANGDONG EASTONE CENTURY TECH CO LTD A SHS ORD CNY1	-	124,860	-	10,300	114,560
GUANGDONG GOSUN TELECOMMUNICATIONS CO LTD A SHS ORD NPV	172,524	9,000	-	68,500	113,024
GUANGDONG JANUS INTELLIGENT GROUP CORP LTD A SHS ORD CNY1	-	215,200	-	17,300	197,900
GUANGDONG WENS FOODSTUFFS GROUP CO LTD A SHRS ORD CNY1	132,428	1,070,312	130,887	428,778	904,849
HAND ENTERPRISE SOLUTIONS CO LTD A SHR ORD CNY1	252,739	12,600	-	108,200	157,139
HANGZHOU CENTURY CO LTD A ORD CNY1	116,450	11,200	58,200	57,000	128,850
HANGZHOU SHUNWANG TECHNOLOGY CO LTD A SHS ORD CNY1	141,537	16,400	-	55,900	102,037
HANGZHOU TIGERMED CONSULTING CO LTD A SHR ORD NPV	110,500	5,300	-	43,100	72,700
HANGZHOU ZHONGYA MACHINERY CO LTD A SHS ORD CNY1	-	25,600	-	25,600	-
HC SEMITEK CORPORATION-A SHRS ORD CNY 1	-	87,900	-	3,000	84,900
HITHINK FLUSH INFORMATION NETWORK CO LTD A SHS ORD CNY1	76,360	4,000	-	33,500	46,860

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

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

For the year ended 31 December 2017

	Holdings				31 December 2017
	1 January 2017	Additions	Corporate actions	Disposals	
Investments (Continued)					
Listed equities (Continued)					
HUAFON MICROFIBRE SHANGHAI CO LTD A SHR ORD CNY1	-	84,200	-	6,800	77,400
HUAYI BROTHERS MEDIA CORPORATION A SHR ORD CNY1	622,936	31,300	-	262,700	391,536
HUNAN CHINA SUN PHARMACEUTICAL MACHINERY CO LTD A SHRS ORD CNY1	101,800	5,300	-	44,400	62,700
HUNAN ER-KANG PHARMACEUTI - A SHRS ORD CNY1	255,357	4,400	-	259,757	-
HYBIO PHARMACEUTICAL CO LTD A SHS ORD CNY1	159,969	8,600	-	56,869	111,700
INNER MONGOLIA HOTISION & MONSOD DROUGHT- RESISTANCE GREENING CO LTD A SHR ORD CNY1	-	278,600	-	21,900	256,700
JIANGSU HOPERUN SOFTWARE CO LTD A SHS ORD NPV	56,600	-	-	56,600	-
JINLONG MACHINERY & ELECTRONICS CO LTD A SHS ORD CNY1	117,347	2,000	-	119,347	-
JSTI GROUP ORD CNY1	-	80,000	-	3,000	77,000
JULONG CO LTD ORD CNY1	94,600	5,100	-	37,400	62,300
LENS TECHNOLOGY CO LTD A SHRS ORD CNY1	87,726	56,700	234,472	262,066	116,832
LEPU MEDICAL TECHNOLOGY A SHRS CNY1	355,215	30,500	-	167,436	218,279
LESHI INTERNET INFORMATION & TECHNOLOGY (BEIJING) CO LTD A SHR ORD CNY1	391,743	7,600	254,043	145,300	508,086
LEYARD OPTOELECTRONIC CO L A SHRS ORD CNY1	128,000	14,100	101,100	57,400	185,800
NANFANG ZHONGJIN ENVIRONMENT CO LTD A SHS ORD CNY1	-	105,980	81,184	19,400	167,764
NATIONZ TECHNOLOGIES INC A ORD CNY1	230,100	11,500	-	98,900	142,700
NETPOSA TECHNOLOGIES LTD A SHRS ORD NPV	168,779	5,600	-	70,400	103,979
NSFOCUS INFORMATION TECHNOLOGY CO LTD ORD CNY1	47,500	25,500	33,699	106,699	-
OURPALM CO LTD ORD CNY1	622,438	128,700	-	236,100	515,038
QINGDAO TGOOD ELECTRIC A ORD CNY1	163,400	8,400	-	66,000	105,800

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

For the year ended 31 December 2017

	Holdings				
	1 January 2017	Additions	Corporate actions	Disposals	31 December 2017
Investments (Continued)					
Listed equities (Continued)					
QONE EDUCATION GROUP					
GUANDONG LTD A SHARES					
ORD NPV	111,200	4,900	-	116,100	-
RISEN ENERGY CO LTD ORD					
CNY1	165,800	8,600	-	65,200	109,200
SHAANXI J&R FIRE PROTECTION					
CO LTD ORD CNY1	-	148,200	-	11,400	136,800
SHANGHAI GANGLIAN E-					
COMMERCE HOLDINGS CO LTD					
A SHRS ORD CNY1	45,701	800	-	46,501	-
SHANGHAI NEW CULTURE					
MEDIA GROUP CO LTD A SHR					
ORD NPV	104,680	1,800	-	106,480	-
SHANGHAI WANGSU SCIENCE &					
TECHNOLOGY CO LTD A					
SHARE ORD CNY1	188,962	19,900	266,719	104,600	370,981
SHENWU ENVIRONMENTAL					
TECH A SHS ORD CNY1	214,700	3,600	-	77,000	141,300
SHENZHEN CAPCHEM					
TECHNOLOGY- A ORD CNY1	37,200	3,400	25,300	18,800	47,100
SHENZHEN EVENWIN PRECISION					
TECH CO LTD CL A ORD CNY1	199,805	10,400	-	82,500	127,705
SHENZHEN INFOGEM					
TECHNOLOGIES CO LTD A SHS					
ORD CNY1	110,195	3,800	-	45,400	68,595
SHENZHEN INOVANCE					
TECHNOLOGY CO LTD A SHR					
ORD CNY1	389,440	20,300	-	159,403	250,337
SHENZHEN JIAWEI					
PHOTOVOLTAIC LIGHTING CO					
LTD A SHRS ORD CNY1	-	35,500	25,238	9,700	51,038
SHENZHEN SUNWAY					
COMMUNICATION CO LTD ORD					
CNY1	260,885	20,100	-	96,773	184,212
SHENZHEN TAT FOOK					
TECHNOLOGY CO LTD A SHS					
ORD CNY1	144,600	2,100	-	51,300	95,400
SHENZHEN TECHAND ECOLOGY					
AND TD ENVIRONMENT CO					
LTD A SHRS ORD CNY1	-	234,700	152,400	176,500	210,600
SHENZHEN TEMPUS GLOBAL					
TRAVEL HOLDINGS LIMITED A					
SHS ORD CNY1	111,962	2,000	-	113,962	-
SHENZHEN YITOA INT CONT CO					
LTD ORD CNY1	216,200	4,000	-	220,200	-

**CSOP SZSE CHINEXT ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)

For the year ended 31 December 2017

	Holdings				31 December 2017
	1 January 2017	Additions	Corporate actions	Disposals	
Investments (Continued)					
Listed equities (Continued)					
SHENZHEN YSSTECH INFO-TECH CO LTD A SHRS ORD CNY1	-	62,500	65,250	24,400	103,350
SIASUN ROBOT & AUTOMATION CO LTD A SHR ORD CNY1	427,815	23,400	-	155,600	295,615
SICHUAN MAKER BIOTECHNOLOGY CO LTD A SHRS ORD NPV	-	64,200	-	2,500	61,700
SINOSUN TECHNOLOGY CO LTD A SHS ORD NPV	95,901	-	-	95,901	-
SONGCHENG PERFORMANCE DEVELOPMENT CO LTD A SHRS ORD CNY1	237,710	14,300	-	91,400	160,610
SUMAVISION TECHNOLOGIES CO LTD A ORD CNY1	492,694	24,500	-	212,500	304,694
SUNGROW POWER SUPPLY CO LTD CL A ORD CNY1	276,153	13,660	-	117,600	172,213
SUNWODA ELECTRONIC CO LTD A SHR ORD CNY1	263,000	23,000	-	124,400	161,600
THUNDER SOFTWARE TECHNOLOGY GO LTD ORD CNY1	42,600	29,600	-	24,400	47,800
TIANJIN CHASE SUN PHARMACEUTICAL CO LTD A SHRS ORD CNY1	579,264	30,700	-	224,900	385,064
TONGYU HEAVY INDUSTRY CO LTD A SHS ORD CNY1	-	861,500	-	267,900	593,600
WALVAX BIOTECHNOLOGY CO LTD SHS A ORD CNY1	364,478	18,300	-	152,800	229,978
WINNING HEALTH TECHNOLOGY GROUP CO LTD SHS A ORD CNY1	222,840	17,800	136,206	109,400	267,446
WONDERS INFORMATION CO LTD A SHRS ORD CNY1	279,200	13,900	153,400	270,800	175,700
WUHU TOKEN SCIENCE CO LTD A SHR ORD CNY1	412,900	14,100	238,600	200,400	465,200
WUTONG HOLDING GROUP CO LTD A SHRE ORD CNY1	-	242,100	-	242,100	-
WUXI LEAD INTELLIGENT EQUIPMENT CO LTD A SHS ORD NPV	-	47,200	-	8,000	39,200
XIAMEN MEIYA PICO INFORMATION COMPANY LIMITED ORD CNY1 A SHARES	68,959	11,100	-	80,059	-

**CSOP SZSE CHINEXT ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited) (Continued)
For the year ended 31 December 2017

	Holdings				31 December 2017
	1 January 2017	Additions	Corporate actions	Disposals	
Investments (Continued)					
Listed equities (Continued)					
XIANGXUE PHARMACEUTICAL CO LTD A SHR ORD CNY1	177,758	-	-	177,758	-
XINGHUI AUTO MODEL CO LTD A SHR ORD CNY1	211,857	12,000	-	82,000	141,857
XINGYUAN ENVIRONMENT TECHNOLOGY CO LTD A SHS ORD CNY1	94,436	25,800	64,436	42,700	141,972
XINJIANG MACHINERY RESEARCH INSTITUTE CO LTD A SHR ORD CNY1	209,147	91,000	-	75,900	224,247
YLZ INFORMATION TECHNOLOGY CO LTD A SHRS ORD CNY1	154,993	2,600	-	157,593	-
ZHANGJIANGANG FURUI SPECIAL EQUIPMENT CO LTD A SHR ORD CNY1	144,186	2,800	-	146,986	-
ZHEJIANG ENJOYOR ELECTRONICS CO LTD A SHR ORD CNY1	173,900	9,700	-	62,400	121,200
ZHEJIANG HUACE FILM & TV CO LTD A SHS ORD CNY1	269,371	13,700	-	115,000	168,071
ZHEJIANG JINGSHENG MECHANICAL & ELECTRICAL CO LTD A SHRS ORD CNY1	-	117,000	-	4,000	113,000
ZHEJIANG JINKE CULTURE INDUSTRY CO LTD A SHR ORD CNY1	-	150,300	-	16,700	133,600
ZHEJIANG KAISHAN COMPRESSOR CO LTD CL A ORD CNY1	137,700	92,000	-	144,600	85,100
ZHEJIANG NARADA POWER SOURCE CO LTD ORD CNY1	169,525	5,600	-	67,200	107,925
ZHUHAI HOKAI MEDICAL INSTRUMENT CO LTD A SHS ORD CNY1	197,510	9,700	-	81,800	125,410
ZHUHAI ORBITA CONTROL ENGINEERING CO LTD A ORD	183,750	3,000	-	186,750	-

**CSOP SZSE CHINEXT ETF
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PERFORMANCE RECORD (Unaudited)

Net asset value

	Dealing net asset value of the Sub-Fund <i>RMB</i>	Dealing net asset value per unit <i>RMB</i>
At the end of financial year/period dated		
31 December 2017	254,859,321	6.3398
31 December 2016	379,710,839	7.3021
31 December 2015	294,979,271	10.1717

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 2017	7.4020	6.1254
31 December 2016	9.3382	7.0438
31 December 2015 (Since 13 May 2015 (date of inception))	15.0190	6.7295

**CSOP SZSE CHINEXT ETF
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MANAGEMENT AND ADMINISTRATION

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Central
Hong Kong

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1 Queen's Road Central
Hong Kong

Custodian

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

PRC Custodian

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1st Floor, One & Two Exchange Square
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Listing Agent

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Directors of the Manager

Benoit Descourtieux (resigned on 7 November 2017)
Chen Ding
Gaobo Zhang
Haipeng Li (resigned on 7 November 2017)
Liangyu Gao (resigned on 1 September 2017)
Xiaosong Yang (appointed on 7 November 2017)
Xiuyan Liu (appointed on 7 November 2017)
Yi Zhou (appointed on 7 November 2017)
Zengtao Wu (resigned on 7 November 2017)
Zhiwei Liu (appointed on 7 November 2017)
Zhongping Cai

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