



Stride for stride  
keeping pace with the China A-share market

BOSERA FTSE CHINA A50 INDEX ETF

RMB counter stock code: **82832**

HKD counter stock code: **02832**

**ANNUAL REPORT**

For the year ended 31 December 2017

**BOSERA ETFS**  
**(An umbrella unit trust established in Hong Kong)**

**BOSERA FTSE CHINA A50 INDEX ETF**  
**(A sub-fund of Boserá ETFs)**

**ANNUAL REPORT**

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For the year ended 31 December 2017

**BOSERA FTSE CHINA A50 INDEX ETF**  
**A SUB-FUND OF BOSERA ETFS**

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**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

**MANAGEMENT AND ADMINISTRATION**

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**Manager and RQFII Holder**

Bosera Asset Management (International) Co., Limited  
Suite 4109, Jardine House  
One Connaught Place  
Central  
Hong Kong

**Investment Adviser**

Bosera Asset Management Co., Limited  
29/F, China Merchants Bank  
No. 7088 Shennan Road  
Futian District  
Shenzhen 518040  
China

**Trustee and Registrar**

HSBC Institutional Trust Services (Asia) Limited  
1 Queen's Road Central  
Hong Kong

**Custodian**

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

**PRC Custodian**

HSBC Bank (China) Company Limited  
33/F, HSBC Building  
Shanghai IFC  
8 Century Avenue  
Pudong  
Shanghai 200120  
China

**Service Agent**

HK Conversion Agency Services Limited  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Legal Counsel to the Manager**

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

**Listing Agent**

China International Capital Corporation  
Hong Kong Securities Limited  
29/F, One International Finance Centre  
1 Harbour View Street  
Hong Kong

**Auditor**

PricewaterhouseCoopers  
22nd Floor  
Prince's Building  
Central  
Hong Kong

**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

**MANAGEMENT AND ADMINISTRATION (CONTINUED)**

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**Participating Dealers**

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

BOCI Securities Limited  
20/F, Bank of China Tower  
1 Garden Road  
Hong Kong

BNP Paribas Securities Services  
21/F, PCCW Tower  
Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

China International Capital Corporation  
Hong Kong Securities Limited  
29/F, One International Finance Centre  
1 Harbour View Street  
Hong Kong

China Merchants Securities (HK) Co., Limited  
45/F, One Exchange Square  
Central  
Hong Kong

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

Haitong International Securities Company Limited  
22/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central

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

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

UBS Securities Hong Kong Limited  
42/F, 8 Connaught Place  
Central  
Hong Kong

Morgan Stanley Hong Kong Securities Limited  
46/F International Commerce Centre  
1 Austin Road West  
Hong Kong

**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

**MANAGEMENT AND ADMINISTRATION (CONTINUED)**

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**RMB Counter Market Makers**

Commerz Securities Hong Kong Ltd  
15th Floor, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

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

Haitong International Securities Company Limited  
22/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central

BOCI Securities Limited  
20/F, Bank of China Tower  
1 Garden Road  
Hong Kong

**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

**MANAGEMENT AND ADMINISTRATION (CONTINUED)**

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**HKD Counter Market Makers**

BOCI Securities Limited  
20/F, Bank of China Tower  
1 Garden Road  
Hong Kong

Commerz Securities Hong Kong Ltd  
15th Floor, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

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

Haitong International Securities Company Limited  
22/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Central

**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

**REPORT OF THE MANAGER TO THE UNITHOLDERS**

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The Bosera FTSE China A50 Index ETF (the “ETF”), a sub-fund of Bosera ETFs, was listed on the Stock Exchange of Hong Kong on 9 December 2013 under both RMB and HKD counters. It aims to track the performance of FTSE China A50 Index (the “Index”), before fees and expenses. The Index is a price return index which means that its performance is calculated on the basis that any dividends from securities comprising the Index are not re-invested. The Index is denominated and quoted in RMB.

For the year ended 31 December 2017, the ETF had employed full replication strategy. More than 95% of its Net Asset Value (“NAV”) had been invested in physical A-shares within the constituents of the Index. As of 31 December 2017, the ETF’s number of units outstanding was 3,000,000 with NAV amounted to RMB 20,418,247.

During the period from 1 January 2017 to 31 December 2017, the Index increased by 32.35%, while NAV per unit of the ETF increased by 33.46%.

Bosera Asset Management (International) Co., Limited  
27 April 2018



**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

**REPORT OF THE TRUSTEE TO THE UNITHOLDERS**

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We hereby confirm that, in our opinion, the Manager of the Boser FTSE China A50 Index ETF (the “Sub-Fund”), a sub-fund of Boser ETFS, has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 30 September 2013 for the year ended 31 December 2017.

HSBC Institutional Trust Services (Asia) Limited  
27 April 2018

**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

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

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**MANAGER'S RESPONSIBILITIES**

The Manager of the Bosera FTSE China A50 Index ETF (the "Sub-Fund"), a sub-fund of Bosera ETFs, is required by the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong and the Trust Deed dated 30 September 2013 (the "Trust Deed") to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Sub-Fund at the end of that 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 judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Fund will continue in operation unless it is inappropriate to 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.

Bosera ETFs (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31 December 2017, the Trust has established one Sub-Fund, namely, the Bosera FTSE China A50 Index 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 year should the Manager not managing the Sub-Fund in accordance with the Trust Deed.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF BOSERA FTSE CHINA A50 INDEX ETF  
(A SUB-FUND OF BOSERA ETFS)**

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

**Opinion**

*What we have audited*

The financial statements of Bosera FTSE China A50 Index ETF (the "Sub-Fund") set out on pages 12 to 33, 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 International Financial Reporting Standards ("IFRSs").

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**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 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.

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**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.

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

- Existence and valuation of investments

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF BOSERA FTSE CHINA A50 INDEX ETF  
(A SUB-FUND OF BOSERA ETFS) (CONTINUED)**

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**Key Audit Matters (Continued)**

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<i>Existence and valuation of investments</i>	
The Sub-Fund's investment as at 31 December 2017 comprised listed equities valued at RMB19,647,703.	We tested the existence of investments by obtaining a direct confirmation from the custodian and agreeing the Sub-Fund's holdings of investments to the confirmation. No material exceptions were identified from our testing.
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.	We agreed the valuation of the Sub-Fund's investments by comparing the pricing used by the Sub-Fund to external pricing sources as at 31 December 2017. We found no material exceptions from our testing.
Refer to note 7 to the financial statements	

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**Other Information**

The manager and the trustee (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.

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**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF BOSERA FTSE CHINA A50 INDEX ETF  
(A SUB-FUND OF BOSERA ETFS) (CONTINUED)**

**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 IFRSs, 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 Fund or to cease operations, or has 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 30 September 2013 ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

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**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 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 Appendix E of the SFC Code.

As part of an audit in accordance with ISAs, 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 BOSERA FTSE CHINA A50 INDEX ETF  
(A SUB-FUND OF BOSERA ETFS) (CONTINUED)**

**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.

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

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The engagement partner on the audit resulting in this independent auditor's report is Tsui, Maria Yuk Hung.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 27 April 2018

**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

**STATEMENT OF FINANCIAL POSITION  
As at 31 December 2017**

	Note	2017 RMB	2016 RMB
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Deposit reserve		140,000	140,000
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	7(a)	19,647,703	14,487,660
Interest receivable		2	-
Rebates receivable	6(f)	817,722	933,872
Bank balances	6(c)	138,881	76,778
<b>Total Assets</b>		<u>20,744,308</u>	<u>15,638,310</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Other accounts payable	6(a),(b),(e)	326,061	339,290
<b>Total Liabilities</b>		<u>326,061</u>	<u>339,290</u>
<b>EQUITY</b>			
Net assets attributable to unitholders		<u>20,418,247</u>	<u>15,299,020</u>

For and on behalf of  
Bosera Asset Management (International) Co., Limited  
as the Manager

For and on behalf of  
HSBC Institutional Trust Services (Asia) Limited  
as the Trustee

The notes on pages 16 to 33 are an integral part of these financial statements.

**BOSERA FTSE CHINA A50 INDEX ETF**  
**A SUB-FUND OF BOSERA ETFS**

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2017**

	Note	2017 RMB	2016 RMB
<b>INCOME</b>			
Dividend income		454,785	566,281
Interest income	6(c)	2,689	2,708
Rebates	6(f)	817,722	933,872
Net gains/(losses) on financial assets at fair value through profit or loss	4	4,797,465	(1,862,919)
Net foreign currency gains/(losses)		17,443	(13,873)
<b>Total net income/(loss)</b>		<u>6,090,104</u>	<u>(373,931)</u>
<b>EXPENSES</b>			
Trustee fee	6(b)	(480,000)	(480,000)
Transaction costs on investments	6(e)	(53,016)	(68,884)
Accounting and professional fees	6(e)	(54,016)	(229,184)
Audit fee		(254,161)	(217,822)
Bank charges	6(c)	(156)	(156)
Legal and professional fees		(23,090)	-
Other expenses		(59,490)	(64,140)
<b>Total operating expenses</b>		<u>(923,929)</u>	<u>(1,060,186)</u>
<b>Operating profit/(loss)</b>		<u>5,166,175</u>	<u>(1,434,117)</u>
<b>Taxation</b>			
Withholding tax on dividend and interest income	5	(46,948)	(58,745)
<b>Total comprehensive income/(loss)</b>		<u><u>5,119,227</u></u>	<u><u>(1,492,862)</u></u>

The notes on pages 16 to 33 are an integral part of these financial statements.



**BOSERA FTSE CHINA A50 INDEX ETF**  
**A SUB-FUND OF BOSERA ETFS**

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
**For the year ended 31 December 2017**

	Note	2017 RMB	2016 RMB
<b>Net assets attributable to unitholders at the beginning of the year</b>		15,299,020	23,980,332
		-----	-----
Payments on redemption of units	3	-	(7,188,450)
		-----	-----
Net decrease from unit transactions		-	(7,188,450)
		-----	-----
Total comprehensive profit/(loss)		5,119,227	(1,492,862)
		-----	-----
Net assets attributable to unitholders at the end of the year		20,418,247	15,299,020
		=====	=====

The notes on pages 16 to 33 are an integral part of these financial statements.

**BOSERA FTSE CHINA A50 INDEX ETF**  
**A SUB-FUND OF BOSERA ETFS**

**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2017**

	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>RMB</b>
<b>Cash flows from operating activities</b>		
Income/(loss) before taxation	5,166,175	(1,434,117)
Adjustment for:		
Dividend income	(454,785)	(566,281)
Interest on bank deposits	(2,689)	(2,708)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	4,708,701	(2,003,106)
Net (increase)/decrease in financial assets at fair value through profit or loss	(5,160,043)	9,625,983
Net decrease/(increase) in rebates receivable	116,150	(933,872)
Net decrease in other accounts payables	(13,229)	(4,974)
	<hr/>	<hr/>
Cash (used in)/generated from operations	(348,421)	6,684,031
Dividend received	454,785	566,281
Interest received	2,687	2,708
Withholding tax paid on dividend and interest income	(46,948)	(58,745)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	62,103	7,194,275
	-----	-----
<b>Cash flows from financing activities</b>		
Payments on redemption of units	-	(7,188,450)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	-	(7,188,450)
	-----	-----
<b>Net increase in cash and cash equivalents</b>	62,103	5,825
Cash and cash equivalents at the beginning of the year	76,778	70,953
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the year</b>	138,881	76,778
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	138,881	76,778
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 33 are an integral part of these financial statements.

**BOSERA FTSE CHINA A50 INDEX ETF  
A SUB-FUND OF BOSERA ETFS**

**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2017**

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**1. GENERAL INFORMATION**

Bosera ETFs (the “Trust”) is an umbrella unit trust governed by its trust deed dated 30 September 2013 (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. On 30 September 2013, the Trust has established one sub-fund namely Bosera FTSE China A50 Index ETF (the “Sub-Fund”). The Sub-Fund is listed on the Stock Exchange of Hong Kong Limited. The date of inception of the Sub-Fund was 30 September 2013.

The Manager and the Trustee of the Sub-Fund are Bosera Asset Management (International) Co., Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) respectively.

The investment objective of Bosera FTSE China A50 Index ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the underlying index, namely FTSE China A50 Index (the “Index”). In order to achieve the investment objective of the Sub-Fund, the Manager adopts a full replication strategy by directly investing all, or substantially all, of the assets of the Sub-Fund in index securities constituting the Index in substantially the same weightings (i.e. proportions) as these index securities have in the Index. The Manager does not use a representative sampling strategy other than in exceptional circumstances such as restrictions, suspensions of trading or limited availability of index securities.

The Manager has obtained Renminbi Qualified Foreign Institutional Investor (“RQFII”) status from the China Securities Regulatory Commission (“CSRC”) and has been granted RQFII quota by the State Administration of Foreign Exchange (“SAFE”) of the People’s Republic of China (“PRC”) pursuant to the RQFII Regulations. The Sub-Fund utilises RQFII quota granted by SAFE to the Manager. The total amount of RQFII quota available to the Manager for use by public fund products under the Manager’s management is limited at any given time. The Manager has the flexibility to allocate such RQFII quota across different public fund products under the Manager’s management from time to time. As such the Sub-Fund does not have exclusive use of and must rely on the Manager’s management and allocation of such RQFII quota. There can be no assurance that the Manager can obtain or allocate sufficient RQFII quota to the Sub-Fund to fully satisfy creation requests.

These financial statements 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 and statement of cash flows for the year then ended, are prepared for the Sub-Fund only as the reporting entity.

**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 all the years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires the Trustee and Manager (the “Management”) to exercise its judgement in the process of applying the Sub-Fund’s accounting policies.

**BOSERA FTSE CHINA A50 INDEX ETF**  
**A SUB-FUND OF BOSERA ETFS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**

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

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

Standards and amendments to existing standards effective 1 January 2017

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2017 that would be expected to have a material impact on the Sub-Fund.

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

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 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. IFRS 9 also introduces a new expected credit loss (ECL) impairment model.

On adoption of IFRS 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 IFRS 9 is not expected to have a material impact on the Sub-Fund's financial statements.

In addition to the above, a number of new standards, amendments 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.

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

**(b) Investments (Continued)**

(ii) Recognition/derecognition

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

(iii) Measurement

Investments are initially recognised at fair value. Transaction costs are expensed 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

The fair value of investments that are listed or traded on an exchange is based on quoted market prices at the close of trading on the reporting date.

Investments which are not listed on an exchange or are thinly traded are valued by using quotes from brokers.

If quoted market prices are not available on the reporting date, the Manager will assess and determine the fair value, taking into consideration the latest available quoted market prices.

(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 year.

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

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

**(d) Amounts due from/to brokers**

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively.

**(e) Dividend income, interest income and rebates**

Dividend income is recorded on the ex-dividend date when shareholder's right to receive payment is established with the corresponding foreign withholding taxes recorded as an expense.

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

Rebates are recognised when the right to receive payment from the Manager is established (refer to note 6(f)).

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

**(f) Other receivables and payables**

Other receivables and payables are recognised initially at fair value, and subsequently stated at amortised costs using the effective interest method.

**(g) Transaction costs**

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

**(h) Expenses**

Expenses are accounted for on an accrual basis.

**(i) Cash and cash equivalents**

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

**(j) 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.

**(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 RMB 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.

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

**(k) Foreign currencies translation (Continued)**

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “net foreign currency gains/(losses)”.

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 gains/(losses) on financial assets at fair value through profit or loss”.

**(l) Redeemable units**

The Sub-Fund issues redeemable units which are redeemable at the holder's option and are classified as equity.

Redeemable units can be put back to the Sub-Fund at any dealing date for cash equal to a proportionate share of the Sub-Fund's net asset value. Units are redeemable on a daily basis.

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.

**(m) Taxation**

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

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**3. 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.

The movements of the redeemable units for the years ended 31 December 2017 and 2016 are as follows:

	<b>2017</b>	<b>2016</b>
	<b>Units</b>	<b>Units</b>
Number of units in issue at the beginning of the year	3,000,000	4,500,000
Units redeemed	-	(1,500,000)
	<u>3,000,000</u>	<u>3,000,000</u>
Number of units in issue at the end of the year	<u>3,000,000</u>	<u>3,000,000</u>
	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>RMB</b>
Net assets attributable to unitholders per unit at 31 December	<u>6.8061</u>	<u>5.0997</u>

**4. NET GAINS/(LOSSES) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>RMB</b>
Net fair value change in unrealised gains/losses in value of investments	4,407,571	(3,477,943)
Net realised gains on sale of investments	389,894	1,615,024
	<u>4,797,465</u>	<u>(1,862,919)</u>

**5. TAXATION**

Hong Kong profits tax

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



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**5. TAXATION (Continued)**

PRC withholding tax

The Sub-Fund will continue to make a withholding income tax (“WIT”) provision of 10% for the account of the Bosera FTSE China A50 Index ETF on dividend and interest if the WIT is not withheld at source (where WIT is already withheld at source, no further provision will be made). The amount of provision in relation to dividend and/or interest income will be disclosed in the financial statements of the Sub-Fund.

The Sub-Fund invests in A-Shares listed in the PRC and is subject to 10% withholding tax on dividend income derived from A-Shares.

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

	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>RMB</b>
Withholding tax on dividend income	46,681	58,474
Withholding tax on interest income	267	271
	<hr/>	<hr/>
Taxation	<u>46,948</u>	<u>58,745</u>

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**5. TAXATION (Continued)**

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

	<b>2017</b>	<b>2016</b>
	<b>RMB</b>	<b>RMB</b>
At the beginning of the year	-	-
Taxation charged to the statement of comprehensive income for the year	46,948	58,745
Tax paid	(46,948)	(58,745)
	<hr/>	<hr/>
At the end of the year	-	-
	<hr/> <hr/>	<hr/> <hr/>

**6. TRANSACTIONS WITH RELATED PARTIES INCLUDING THE TRUSTEE, MANAGER AND CONNECTED PERSONS**

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund and the Trustee, the Manager and its connected persons. Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong. 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 significant transactions with related parties except for those disclosed below.

**(a) Management fee**

Bosera Asset Management (International) Co., Limited, 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 accrued daily and calculated as at each dealing day and payable monthly in arrears. The Manager decided to waive the management fee chargeable to the Sub-Fund for the years ended 31 December 2017 and 2016.

For the year ended 31 December 2017, the Manager did not charge any management fee (2016: Nil). At 31 December 2017 and 2016, no management fee was payable to the Manager.

**(b) Trustee fee**

HSBC Institutional Trust Services (Asia) Limited, the Trustee, is entitled to receive a trustee fee, which is accrued daily and calculated as at each dealing day and payable monthly in arrears. The trustee fee is calculated as a percentage per annum of the net asset value of the Sub-Fund at the rate as follows, subject to a minimum limit of RMB40,000 per month:

First RMB200 million	0.16%
Next RMB1,000 million	0.14%
Next RMB1,000 million	0.12%
Next RMB1,000 million	0.10%
Thereafter	0.08%

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**6. TRANSACTIONS WITH RELATED PARTIES INCLUDING THE TRUSTEE, MANAGER AND ITS  
CONNECTED PERSONS (Continued)**

**(b) Trustee fee (Continued)**

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

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

The Trustee is also entitled to receive from each participating dealer an administrative transaction fee of RMB12,000 per application for handling any cash creation and redemption of units.

For the year ended 31 December 2017, the Trustee was entitled to a total fee of RMB480,000 (2016: RMB480,000). At 31 December 2017, a fee of RMB40,000 (2016: RMB40,000) was payable to the Trustee.

**(c) Bank balances, interest income and bank charges**

As at 31 December 2017, bank balances of RMB122,720 (2016: RMB69,486) and RMB16,161 (2016: RMB7,292) were maintained with the Custodian and the PRC Custodian, group companies of the Trustee, which carry interest and incur bank charges amounted to RMB2,689 (2016: RMB2,708) and RMB156 (2016: RMB156) respectively.

**(d) Holding in the Sub-Fund**

The Manager held 300,000 units (2016: 300,000) in the Sub-Fund, representing 10% (2016: 10%) of the Sub-Fund's net asset value as at 31 December 2017.

**(e) Other fees**

Transaction handling fees on purchases and sales of investments, fees for the preparation of annual and interim reports, and SWIFT charges were charged by the Trustee, amounting to RMB105,468 (2016: RMB122,836) for the year ended 31 December 2017, of which RMB35,041 (2016: RMB33,450) was outstanding at year end.

**(f) Rebates**

With effect from 8 August 2016, the ongoing charges in respect of the Sub-Fund would be capped at 3% of the average net asset value of the Sub-Fund. Any excess of ongoing expense of the Sub-Fund would be borne by the Manager and paid to the Sub-Fund as rebates. During the year ended 31 December 2017, total rebates from the Manager amounted to RMB817,722 (2016: RMB933,872), of which RMB817,722 (2016: RMB933,872) was outstanding at year end.

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**6. TRANSACTIONS WITH RELATED PARTIES INCLUDING THE TRUSTEE, MANAGER AND ITS CONNECTED PERSONS (Continued)**

**(g) Holdings in connected persons of the Manager**

During the years ended 31 December 2017 and 2016, the Sub-Fund held shares in China Merchants Bank Co. Ltd and China Merchants Shekou Industrial Zone Holdings Co., Ltd. which are group companies of the Manager. The movement of the Sub-Fund's investment is as follows:

China Merchants Bank Co., Ltd

	<b>2017</b>	<b>2016</b>
	<b>Units</b>	<b>Units</b>
At the beginning of the year	47,684	77,884
Purchases	2,600	3,900
Sales	(6,800)	(34,100)
	<u>43,484</u>	<u>47,684</u>
At the end of the year	<u><u>43,484</u></u>	<u><u>47,684</u></u>

China Merchants Shekou Industrial Zone Holdings Co., Ltd.

	<b>2017</b>	<b>2016</b>
	<b>Units</b>	<b>Units</b>
At the beginning of the year	8,500	-
Purchases	200	12,900
Sales	(1,200)	(4,400)
	<u>7,500</u>	<u>8,500</u>
At the end of the year	<u><u>7,500</u></u>	<u><u>8,500</u></u>

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**7. 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 FTSE China A50 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 invest.

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 FTSE China A50 Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index. All investments present a risk of loss of capital. 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.

However, the Sub-Fund may not be able to acquire constituent stocks of the Index under exceptional circumstances such as investment restrictions, suspensions of trading, limited availability, or if it is not cost efficient for the Sub-Fund to invest in the constituent stocks. In such circumstances the Manager may use a representative sampling strategy where the Sub-Fund may invest in listed A Shares that are non-constituent of the Index but feature a high correlation with the underlying index.

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

	<b>2017</b>	<b>% of net</b>	<b>2016</b>	<b>% of net</b>
	<b>Fair value</b>	<b>asset</b>	<b>Fair value</b>	<b>asset</b>
	<b>RMB</b>	<b>value</b>	<b>RMB</b>	<b>value</b>
Listed equities - by industry				
Basic Materials	172,800	0.85	-	-
Communications	446,026	2.18	31,394	0.20
Consumer, Cyclical	1,277,300	6.26	764,349	4.99
Consumer, Non-cyclic	2,812,532	13.77	1,019,198	6.66
Energy	513,768	2.52	476,848	3.12
Financial	12,240,109	59.95	10,034,024	65.59
Industrial	1,514,040	7.42	1,846,327	12.08
Technology	443,514	2.17	-	-
Utilities	227,614	1.11	315,520	2.06
	<u>19,647,703</u>	<u>96.23</u>	<u>14,487,660</u>	<u>94.70</u>

The Sub-Fund held 50 (2016: 50) out of 50 (2016: 50) constituents comprising the FTSE China A50 Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the FTSE China A50 Index.

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**7. 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, if the FTSE China A50 Index were to increase by 10% with all other variables held constant, this would increase the pre-tax profit for the year and the net asset value by approximately RMB1,964,770 (2016: RMB1,448,766). Conversely, if the FTSE China A50 Index were to decrease by 10%, this would decrease the pre-tax profit for the year and the net asset value 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, while the interest rate resets monthly. As these interest bearing assets are short-term in nature, 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. Therefore, no sensitivity analysis has been disclosed.

**(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 exposed to currency risk related to Renminbi against United States Dollars and Hong Kong Dollars. The table below summarised the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than Renminbi.

As at 31 December 2017

**RMB equivalent**

United States Dollar	
Monetary	(35,041)
Hong Kong Dollar	
Monetary	(201,020)

As at 31 December 2016

**RMB equivalent**

United States Dollar	
Monetary	(33,450)
Hong Kong Dollar	
Monetary	(215,841)

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

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

**(iii) Currency risk (Continued)**

The table below summarised the impact of increase or decrease of exchange rate on the exposure table above, to which Sub-Fund is exposed. The analysis is based on the assumption that the exchange rate had increased/decreased by 5% with all other variables held constant.

As at 31 December 2017

	<b>Impact on net assets and pre-tax profit RMB</b>
United States Dollar Monetary	±1,752
Hong Kong Dollar Monetary	±10,051

As at 31 December 2016

	<b>Impact on net assets and pre-tax profit RMB</b>
United States Dollar Monetary	±1,673
Hong Kong Dollar Monetary	±10,792

The Manager has used their view of what would be a “reasonable possible shift” in the exchange rates to estimate the change for use in the currency risk sensitivity analysis above.

Disclosure above are shown in absolute terms, changes and impacts could be positive or negative. Changes in exchange rate % are revised annually depending on the Manager’s current view of exchange rates volatility and other relevant factors.

**(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, and 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, the Sub-Fund placed bank balances of RMB122,720 (2016: RMB69,486) with HSBC, which is the custodian of the Sub-Fund. The S&P credit rating of HSBC is AA- (2016: AA-).

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

**(b) Credit and counterparty risk (Continued)**

As at 31 December 2017, the Sub-Fund placed bank balances of RMB16,161 (2016: RMB7,292) and investments of RMB19,647,703 (2016: RMB14,487,660) with 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.

The Manager considers that none of the 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.

	<b>Less than 1 month RMB</b>	<b>1 month to 3 months RMB</b>	<b>Over 3 months RMB</b>	<b>Total RMB</b>
<b>As at 31 December 2017</b>				
Other accounts payable	57,270	-	268,791	326,061
<b>Contractual cash outflow</b>	<u>57,270</u>	<u>-</u>	<u>268,791</u>	<u>326,061</u>
	<b>Less than 1 month RMB</b>	<b>1 month to 3 months RMB</b>	<b>Over 3 months RMB</b>	<b>Total RMB</b>
<b>As at 31 December 2016</b>				
Other accounts payable	59,069	-	280,221	339,290
<b>Contractual cash outflow</b>	<u>59,069</u>	<u>-</u>	<u>280,221</u>	<u>339,290</u>



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

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

Units are redeemed on demand at the unitholder's option. As at 31 December 2017, there were 3 unitholders (2016: 4) holding more than 10% of the Sub-Fund's units.

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

	<b>Less than 7 days RMB</b>	<b>More than 12 months RMB</b>	<b>Total RMB</b>
<b>As at 31 December 2017</b>			
Total assets	20,604,308	140,000	20,744,308
	<b>Less than 7 days RMB</b>	<b>More than 12 months RMB</b>	<b>Total RMB</b>
<b>As at 31 December 2016</b>			
Total assets	15,498,310	140,000	15,638,310

**(d) Fair value estimation**

The fair value of financial assets and liabilities traded in active markets (such as trading securities) are based on quoted market prices at the close of trading on the year end date. The Sub-Fund used the last traded market price as its fair valuation inputs for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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 entity 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 or indirectly (level 2).
- Inputs for the asset or liability that are 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 judgement, considering factors specific to the asset or liability.

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**NOTES 30 THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2017**

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

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

The determination of what constitutes “observable” requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets (by class) measured at fair value at 31 December 2017 and 2016:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
<b>As at 31 December 2017</b>				
Financial assets at fair value through profit or loss				
- Equity securities	19,647,703	-	-	19,647,703
<b>Total assets</b>	<u>19,647,703</u>	<u>-</u>	<u>-</u>	<u>19,647,703</u>
<b>As at 31 December 2016</b>				
Financial assets at fair value through profit or loss				
- Equity securities	14,342,941	144,719	-	14,487,660
<b>Total assets</b>	<u>14,342,941</u>	<u>144,719</u>	<u>-</u>	<u>14,487,660</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 considers the last traded price is the best estimation of the fair value. As at 31 December 2017 there was no level 2 security in the Sub-Fund. As at 31 December 2016, one listed equity investment amounted to RMB144,719, represented 0.95% of the net asset value of the Sub-Fund, was suspended for trading due to voluntary business restructuring.

The suspended equity investment of RMB144,719 had been transferred from Level 1 to Level 2 and classified as level 2 investments as at 31 December 2016. Transfers between levels of the fair value hierarchy is deemed to have occurred at the beginning of the reporting period.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2017 and 2016, the Sub-Fund did not hold any investments classified in level 3.

Assets and liabilities included in the statement of financial position, except for financial assets at fair value through profit or loss, are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

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**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2017**

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**7. 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 circumstances stipulated in the prospectuses of the Sub-Fund.

**8. FINANCIAL INSTRUMENTS BY CATEGORY**

Apart from financial assets at fair value through profit or loss as disclosed in the statement of financial position, all other financial assets as disclosed in the statement of financial position are categorised as "loans and receivables".

All liabilities as disclosed in the statement of financial position, excluding provision for taxation, are categorised as "other financial liabilities".

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

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds (the "ETF Guidelines"), the Manager is permitted to overweight the holdings of the Sub-Fund relative to their respective weightings in the underlying index, on the condition that the maximum extra weighting in any constituent securities will not exceed the maximum limit reasonably determined by the Manager and after consultation with the SFC. The maximum limit for the Sub-Fund is 4% as disclosed in the Sub-Fund's prospectus.

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.

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 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).

There was 1 constituent security that individually accounted for more than 10% of the net asset value of the Sub-Fund and its respective weighting of the FTSE China A50 Index as at 31 December 2017 (2016: Nil).

For the year ended 31 December 2017, the FTSE China A50 Index increased by 32.35% (2016: decreased by 6.92%) while the net asset value per unit of the Sub-Fund increased by 33.46% (2016: decreased by 4.30%).

**10. SOFT COMMISSION ARRANGEMENT**

The Manager confirms that there were no soft commission arrangements existing during the year ended 31 December 2017 (2016: Nil) in relation to directing transactions of the Sub-Fund through a broker or dealer.

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**NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 December 2017**

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**11. DISTRIBUTIONS**

The Sub-Fund did not make any distributions during the years ended 31 December 2017 and 2016.

**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. There were no changes in the reportable segment during the years ended 31 December 2017 and 2016. The objectives of the Sub-Fund are to track the performance of the FTSE China A50 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 FTSE China A50 Index, the tracked index.

The Sub-Fund has a diversified portfolio of investments and 1 single investment accounts for more than 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.

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**INVESTMENT PORTFOLIO (UNAUDITED)**  
**As at 31 December 2017**

INVESTMENTS (96.23%)	Holdings	Fair Value RMB	% of Net Assets
<b>LISTED EQUITIES (96.23%)</b>			
<b>CHINA (96.23%)</b>			
AGRICULTURAL BANK OF CHINA	130,504	499,830	2.45
BANK OF BEIJING CO LTD	47,860	342,199	1.68
BANK OF CHINA LTD	77,978	309,573	1.52
BANK OF COMMUNICATIONS LTD	74,013	459,621	2.25
BANK OF SHANGHAI CO LTD	3,250	46,085	0.23
BAOSHAN IRON & STEEL CO LTD	20,000	172,800	0.85
BOE TECHNOLOGY GROUP CO LTD	76,600	443,514	2.17
BYD CO LTD	2,700	175,635	0.86
CHINA CITIC BANK CORP	9,900	61,380	0.30
CHINA COMMUNICATIONS CONSTRUCTION CO LTD	5,100	65,280	0.32
CHINA CONSTRUCTION BANK	33,306	255,790	1.25
CHINA EVERBRIGHT BANK CO LTD	51,500	208,575	1.02
CHINA LIFE INSURANCE CO	5,371	163,547	0.80
CHINA MERCHANTS BANK CO LTD	43,484	1,261,906	6.18
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD	7,500	146,700	0.72
CHINA MINSHENG BANKING CO LTD	85,200	714,828	3.50
CHINA PACIFIC INSURANCE GROUP	9,269	383,922	1.88
CHINA PETROLEUM & CHEMICAL CORP	35,280	216,266	1.06
CHINA RAILWAY GROUP LTD	18,930	158,823	0.78
CHINA RAILWAYS CONSTRUCTION CORP	14,674	163,468	0.80
CHINA SHENHUA ENERGY CO LTD	7,612	176,370	0.86
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD	44,309	399,667	1.96
CHINA UNITED NETWORK COMMUNICATIONS LTD	28,200	178,506	0.87
CHINA VANKE CO LTD	23,900	742,334	3.64
CHINA YANGTZE POWER CO LTD	14,600	227,614	1.12
CITIC SECURITIES CO LTD	28,783	520,972	2.55
CRRC CORP LTD	27,522	333,291	1.63
FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD	19,000	267,520	1.31
GF SECURITIES CO LTD	9,200	153,456	0.75
GUANGZHOU AUTOMOBILE GROUP CO LTD	1,600	39,456	0.19
GUOTAI JUNAN SECURITIES CO LTD	12,200	225,944	1.11
HAITONG SECURITIES CO LTD	22,137	284,903	1.40
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD	10,090	393,510	1.93
HUATAI SECURITIES CO LTD	10,114	174,568	0.86
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD	79,794	494,723	2.42
INDUSTRIAL BANK CO LTD	51,200	869,888	4.26
INNER MONGILIA YILI INDUSTRIAL GROUP CO LTD	16,800	540,792	2.65
JIANGSU HENGRUI MEDICINE CO LTD	4,800	331,104	1.62
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD	1,500	172,500	0.84
KWEICHOW MOUTAI CO LTD	1,687	1,176,666	5.76
MIDEA GROUP COMPANY LIMITED	14,188	786,441	3.85

**BOSERA FTSE CHINA A50 INDEX ETF**  
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**INVESTMENT PORTFOLIO (UNAUDITED) (Continued)**  
**As at 31 December 2017**

INVESTMENTS (96.23%) (Continued)	Holdings	Fair Value RMB	% of Net Assets
<b>LISTED EQUITIES (96.23%) (Continued)</b>			
<b>CHINA (96.23%) (Continued)</b>			
NEW CHINA LIFE INSURANCE CO LTD	2,200	154,440	0.76
PETROCHINA CO LTD	14,973	121,131	0.59
PING AN BANK CO LTD	26,696	355,057	1.74
PING AN INSURANCE (GROUP) CO OF CHINA LTD	34,100	2,386,318	11.69
POLY REAL ESTATE GROUP CO LTD	25,000	353,750	1.73
SAIC MOTOR CORP LTD	8,607	275,768	1.35
SHANGHAI INTERNATIONAL PORT GROUP LTD	12,066	80,239	0.39
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD	53,201	669,801	3.28
WULIANGYE YIBIN CO LTD	6,400	511,232	2.50
TOTAL INVESTMENTS		19,647,703	96.23
OTHER NET ASSETS		770,544	3.77
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		20,418,247	100.00
TOTAL INVESTMENTS, AT COST		12,679,077	

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED)**  
**For the year ended 31 December 2017**

	<b>Holdings</b>				<b>31 December 2017</b>
	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Bonus Splits</b>	
<b>INVESTMENTS</b>					
<b>LISTED EQUITIES</b>					
AGRICULTURAL BANK OF CHINA	142,104	8,000	19,600	-	130,504
BANK OF BEIJING CO LTD	43,500	2,400	6,700	8,660	47,860
BANK OF CHINA LTD	84,878	4,700	11,600	-	77,978
BANK OF COMMUNICATIONS LTD	80,613	4,500	11,100	-	74,013
BANK OF SHANGHAI CO LTD	-	2,500	-	750	3,250
BAOSHAN IRON & STEEL CO LTD	-	20,000	-	-	20,000
BOE TECHNOLOGY GROUP CO LTD	-	80,000	3,400	-	76,600
BYD CO LTD	2,200	700	200	-	2,700
CHINA CITIC BANK CORP	11,200	400	1,700	-	9,900
CHINA COMMUNICATIONS CONSTRUCTION CO LTD	5,800	200	900	-	5,100
CHINA CONSTRUCTION BANK	37,306	1,200	5,200	-	33,306
CHINA EVERBRIGHT BANK CO LTD	57,400	1,900	7,800	-	51,500
CHINA LIFE INSURANCE CO	5,971	200	800	-	5,371
CHINA MERCHANTS BANK CO LTD	47,684	2,600	6,800	-	43,484
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD	8,500	200	1,200	-	7,500
CHINA MINSHENG BANKING CO LTD	92,800	5,200	12,800	-	85,200
CHINA NATIONAL NUCLEAR POWER CO LTD	16,000	500	16,500	-	-
CHINA PACIFIC INSURANCE GROUP	10,169	500	1,400	-	9,269
CHINA PETROLEUM & CHEMICAL CORP	39,380	1,300	5,400	-	35,280
CHINA RAILWAY GROUP LTD	23,030	700	4,800	-	18,930
CHINA RAILWAYS CONSTRUCTION CORP	15,674	500	1,500	-	14,674
CHINA SHENHUA ENERGY CO LTD	8,112	300	800	-	7,612
CHINA SHIPBUILDING INDUSTRY CO LTD	36,300	1,200	37,500	-	-
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD	48,309	2,700	6,700	-	44,309
CHINA UNITED NETWORK COMMUNICATIONS LTD	-	31,400	3,200	-	28,200
CHINA VANKE CO LTD	-	25,000	1,100	-	23,900

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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (Continued)**  
**For the year ended 31 December 2017**

	<b>Holdings</b>				<b>31 December 2017</b>
	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Bonus Splits</b>	
<b>INVESTMENTS (Continued)</b>					
<b>LISTED EQUITIES (Continued)</b>					
CHINA YANGTZE POWER CO LTD	16,000	800	2,200	-	14,600
CITIC SECURITIES CO LTD	31,283	1,800	4,300	-	28,783
CRRC CORP LTD	31,422	2,700	6,600	-	27,522
DAQIN RAILWAY CO LTD	21,980	700	22,680	-	-
FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD	2,200	31,600	20,720	5,920	19,000
GF SECURITIES CO LTD	10,300	500	1,600	-	9,200
GREENLAND HOLDINGS CORPORATION LIMITED	7,400	400	7,800	-	-
GUANGZHOU AUTOMOBILE GROUP CO LTD	1,400	200	-	-	1,600
GUOSEN SECURITIES CO LTD	5,100	-	5,100	-	-
GUOTAI JUNAN SECURITIES CO LTD	13,800	500	2,100	-	12,200
HAITONG SECURITIES CO LTD	24,137	1,400	3,400	-	22,137
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD	6,527	200	-	3,363	10,090
HUATAI SECURITIES CO LTD	10,814	300	1,000	-	10,114
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD	86,894	4,800	11,900	-	79,794
INDUSTRIAL BANK CO LTD	55,300	3,000	7,100	-	51,200
INNER MONGILIA YILI INDUSTRIAL GROUP CO LTD	-	16,800	-	-	16,800
JIANGSU HENGRUI MEDICINE CO LTD	-	4,800	-	-	4,800
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD	1,500	-	-	-	1,500
KWEICHOW MOUTAI CO LTD	1,787	100	200	-	1,687
MIDEA GROUP COMPANY LIMITED	14,188	1,300	1,300	-	14,188
NEW CHINA LIFE INSURANCE CO LTD	2,300	100	200	-	2,200
PETROCHINA CO LTD	16,673	500	2,200	-	14,973
PING AN BANK CO LTD	29,096	1,600	4,000	-	26,696
PING AN INSURANCE (GROUP) CO OF CHINA LTD	37,100	2,100	5,100	-	34,100
POLY REAL ESTATE GROUP CO LTD	24,400	3,200	2,600	-	25,000
SAIC MOTOR CORP LTD	9,507	600	1,500	-	8,607
SHANGHAI INTERNATIONAL PORT GROUP LTD	12,366	1,400	1,700	-	12,066
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD	42,716	2,300	4,900	13,085	53,201
SHANGHAI RAAS BLOOD PRODUCTS CO LTD	3,240	-	3,240	-	-



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**STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (Continued)**  
**For the year ended 31 December 2017**

	<b>Holdings</b>				<b>31 December 2017</b>
	<b>1 January 2017</b>	<b>Additions</b>	<b>Disposals</b>	<b>Bonus Splits</b>	
<b>INVESTMENTS (Continued)</b>					
<b>LISTED EQUITIES (Continued)</b>					
SHENWAN HONGYUAN GROUP CO LTD	23,155	700	23,855	-	-
WULIANGYE YIBIN CO LTD	7,000	400	1,000	-	6,400
CHINA EVERBRIGHT BANK (REG) STP CONV 16/03/2023 (DIRTY)	-	45,000	45,000	-	-

**BOSERA FTSE CHINA A50 INDEX ETF  
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**PERFORMANCE TABLE (UNAUDITED)  
For the year ended 31 December 2017**

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**Net assets value**

	<b>Net asset value of the Sub-Fund RMB</b>	<b>Net asset value per unit RMB</b>
At the end of financial year dated		
31 December 2017	20,418,247	6.8061
31 December 2016	15,299,020	5.0997
31 December 2015	23,980,332	5.3290

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

	<b>Highest net asset value per unit RMB</b>	<b>Lowest net asset value price per unit RMB</b>
Financial year/period ended		
31 December 2017	7.1317	5.1728
31 December 2016	5.4846	4.4196
31 December 2015	7.6930	4.4952
31 December 2014	5.8056	3.1758
31 December 2013 (since inception)	3.8368	3.4727