

Annual Report

HAITONG ETF SERIES – HAITONG CSI300 INDEX ETF

(A sub-fund of the Haitong ETF series as an
umbrella unit trust under Hong Kong law)

31 December 2018



HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

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HAITONG CSI300 INDEX ETF
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MANAGEMENT AND ADMINISTRATION

Directors of the Manager

Lo Wai Ho
Sun Tong
Yang Jianxin
Chen Xuan (appointed on 1 February 2018)
Poon Mo Yiu (appointed on 28 March 2018)
Zhang Xinjun (resigned on 28 March 2018)

Trustee and Registrar

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

Service Agent

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

Legal Advisers to the Manager

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

RQFII Holder

Haitong International Holdings Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Manager

Haitong International Asset Management (HK)
Limited
22/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Auditor

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

HAITONG CSI300 INDEX ETF
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MANAGEMENT AND ADMINISTRATION (continued)

Participating Dealers

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

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

Credit Suisse Securities (Hong Kong) Limited
6/F, Alexandra House,
18 Chater Road, Central,
Hong Kong

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

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

KGI Securities (Hong Kong) Limited
41/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

Merrill Lynch Far East Limited
15/F, Citibank Tower
3 Garden 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, One Exchange Square
8 Connaught Road, Central
Hong Kong

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

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

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Market Review

China's A-shares had a decent start in 2018 in backdrop of solid economic growth and strong Chinese Yuan. While it only last for about one month before market turned to fall, as sentiment was shadowed by overly tightening monetary policy for the purpose of financial deleveraging. Besides, from overseas, the trade dispute kicked in as President Trump announced to impose steep tariffs on steel and aluminum. On the positive side, the Index compiler MSCI finally included A-shares in its equity indexes at the end of May, opening the world's second largest stock market to global investors. However, stock market didn't stop its down trend in the second half year since market concerns were exacerbated by negative development regarding U.S.-China trade negotiations and the continued flattening of the U.S. Treasury yield curve. Over the review period, the Shanghai Composite Index dropped by 24.59% and the Shenzhen Component Index tumbled by 34.42%. On the macro front, China's gross domestic product (GDP) increased 6.6% yoy in 2018, slowed from the 6.9% growth in 2017. Nevertheless, the growth deceleration came generally in-line with the market expectations, and it wasn't that disappointing considering the size of the economy and challenges from overseas. After posting a nine-year biggest annual advance in 2017, the Chinese Yuan dropped significantly, with its offshore exchange rate against U.S. dollar down by 5.6% yoy.

Portfolio review

In 2018, the Fund's NAV per unit lost 25.35% (exclude dividends paid), and if including fund's dividends paid, the Fund lost 24.68%. The underlying index CSI300 dropped 25.31% during the same period. The annual tracking error of the fund for Year 2018 was 1.24%, including the impacts of fund's dividends and CGT adjustments.

Market Outlook

Looking forward, we are cautiously positive on China's A-shares. Despite China's economic growth may decelerate further, we believe the entire economy remains healthy. In the near term, stock market still faces downward pressure amid uncertainties of the U.S.-China trade dispute and sluggish domestic consumption demand. While, in the long run, we see the authorities is on the right track that to improve the quality of development, from its recent policies including tax cuts and financial deleveraging, rather than an unsustainable high speed of growth. In addition, the valuation of A-shares is at its historical low and attractive after the contraction in 2018. Market may shift its focus to fundamentals and potential of growth once the uncertainties are no longer creating surprises.



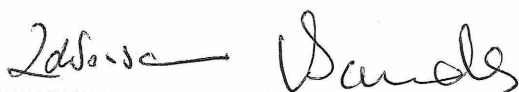
Haitong International Asset Management (HK) Limited

30 APR 2019

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, Haitong International Asset Management (HK) Limited, the Manager of Haitong CSI300 Index ETF, a Sub-Fund of Haitong ETF Series has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 13 December 2013 and its supplemental deeds dated 24 January 2018 for the year ended 31 December 2018.



HSBC Institutional Trust Services (Asia) Limited

30 APR 2019

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's Responsibilities

The Manager of the Haitong CSI300 Index ETF, a Sub-Fund of Haitong ETF Series, is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the "SFC Code") and the Trust Deed dated 13 December 2013 and its supplemental deeds dated 24 January 2018 (the "Trust Deed"), to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the period 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 assume this.

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

Haitong ETF Series (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31 December 2018, the Trust has established one Sub-Fund, namely the Haitong CSI300 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 period should the Manager not managing the Sub-Fund in accordance to the Trust Deed.

Independent auditor's report

To the unitholders of Haitong CSI300 Index ETF
(a sub-fund of Haitong ETF Series)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Haitong CSI 300 Index ETF (a sub-fund of Haitong ETF Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 11 to 44, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in net assets attributable to unitholders, the statement of cash flows and the statement of distribution for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 are independent of the Sub-Fund in accordance with the *Code of Ethics for Professional Accountants* ("the Code") issued by Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Independent auditor's report (continued)

To the unitholders of Haitong CSI300 Index ETF
(a sub-fund of Haitong ETF Series)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Existence and valuation of financial assets at fair value through profit or loss	
<p>As at 31 December 2018, the financial assets at fair value through profit or loss represented the majority of the net asset value of the Sub-Fund. These financial assets were listed shares in the Shanghai Stock Exchange or the Shenzhen Stock Exchange, comprising of approximately 300 constituent listed shares of CSI300 Index. They were kept by one custodian and measured at fair value. Furthermore, as at 31 December 2018, equity investments amounting to RMB3,427,638 represented approximately 1.8% of the net asset value of the Sub-Fund, were suspended shares. We focused on this area because the financial assets at fair value through profit or loss represented the principal element of the financial statements and the significant assumptions and judgement involved in measuring the fair value of the suspended shares.</p>	<p>We obtained independent confirmation from the custodian and counterparties of the investment portfolio held at 31 December 2018, agreeing the quantities held to the accounting records. We tested the design and operating effectiveness of controls for the valuation of financial instruments. In addition, we checked the valuation of the financial assets at fair value through profit or loss that are quoted in active markets by independently agreeing the valuation of financial assets to third party vendor sources such as Reuters or Bloomberg at 31 December 2018.</p> <p>For suspended shares whose quoted price cannot be obtained, we evaluated the valuation techniques and inputs applied through comparison with the valuation techniques that are commonly used in the market and the validation of observable inputs using external market data. In addition, we evaluated the assumptions made by the Manager and reviewed the financial statement disclosures regarding fair value hierarchy as set out in the note 9 to the financial statements.</p>

Other information included in the Annual Report

The Trustee and the Manager are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Independent auditor's report (continued)

To the unitholders of Haitong CSI300 Index ETF
(a sub-fund of Haitong ETF Series)

Report on the audit of the financial statements (continued)

Other information included in the Annual Report (continued)

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.

Responsibilities of the Trustee and the Manager for the financial statements

The Trustee and the Manager are 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 Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In addition, the Trustee and the Manager are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed dated 13 December 2013 and its supplemental deeds dated 24 January 2018 and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

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. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, 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 provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

Independent auditor's report (continued)

To the unitholders of Haitong CSI300 Index ETF
(a sub-fund of Haitong ETF Series)

Report on the audit of the financial statements (continued)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee and the Manager.
- Conclude on the appropriateness of the Trustee's and the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Sub-Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Sub-Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee and the Manager 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 Trustee and the Manager 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.

Independent auditor's report (continued)

To the unitholders of Haitong CSI300 Index ETF
(a sub-fund of Haitong ETF Series)

Report on the audit of the financial statements (continued)

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

From the matters communicated with the Trustee and the Manager, 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 provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Kwong Chun Kit.



Certified Public Accountants
Hong Kong
30 APR 2019

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 RMB	2017 RMB
INCOME			
Dividend income		6,587,820	3,705,160
Interest income		39,753	22,872
Other income		1,280,024	171,992
		<u>7,907,597</u>	<u>3,900,024</u>
EXPENSES			
Management fee	5(a)	(1,901,556)	(1,274,233)
Trustee fee	5(a)	(523,855)	(485,920)
Brokerage and other transaction fees		(135,085)	(155,224)
Legal and professional fee		(130,372)	(85,277)
Auditor's remuneration		(176,132)	(175,432)
Registrar fee	5(a)	(720)	(1,200)
Other expenses		(668,590)	(700,901)
		<u>(3,536,310)</u>	<u>(2,878,187)</u>
PROFIT BEFORE INVESTMENT (LOSS)/GAIN AND EXCHANGE DIFFERENCES		4,371,287	1,021,837
INVESTMENT (LOSS)/GAIN AND EXCHANGE DIFFERENCES			
Net realised gains on financial assets at fair value through profit or loss		7,043,662	10,331,706
Net change in unrealised gains or losses on financial assets at fair value through profit or loss		(91,493,095)	30,171,333
Foreign exchange differences		(258)	325
		<u>(84,449,691)</u>	<u>40,503,364</u>
(LOSS)/PROFIT BEFORE TAX		(80,078,404)	41,525,201
Withholding tax expense	7	(666,163)	(389,570)
(LOSS)/PROFIT AFTER TAX AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(80,744,567)</u>	<u>41,135,631</u>

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 RMB	2017 RMB
ASSETS			
Financial assets at fair value through profit or loss	9	183,886,809	567,310,739
Deposit reserve - China Exchange Clearing		380,800	380,800
Prepayments and other receivables		12,275	15,899
Cash and bank balances	10	3,036,257	33,820,222
TOTAL ASSETS		187,316,141	601,527,660
LIABILITIES			
Amounts due to a participating dealer	5(c)	-	18,246,711
Amounts due to a broker	11	-	2,382,111
Management fee payable	5(a)	89,316	178,888
Trustee fee payable	5(a)	23,812	44,914
Other payables and accruals		856,699	864,255
TOTAL LIABILITIES		969,827	21,716,879
EQUITY			
Net assets attributable to unitholders	12	186,346,314	579,810,781
TOTAL LIABILITIES AND EQUITY		187,316,141	601,527,660
 Number of units in issue	 12	 17,000,000	 39,500,000
 Net asset value per unit	 12	 10.9615	 14.6788



Manager



Trustee

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2018

	Note	RMB
Net assets attributable to unitholders at 1 January 2017		230,688,150
Subscription of units		379,766,400
Redemption of units		(70,379,400)
Profit after tax and total comprehensive income for the year		41,135,631
Distributions to unitholders	8	(1,400,000)
Net assets attributable to unitholders at 31 December 2017 and 1 January 2018		<u>579,810,781</u>
Subscription of units		131,279,100
Redemption of units		(441,469,000)
Loss after tax and total comprehensive income for the year		(80,744,567)
Distributions to unitholders	8	(2,530,000)
Net assets attributable to unitholders at 31 December 2018		<u><u>186,346,314</u></u>

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Note	2018 RMB	2017 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(80,078,404)	41,525,201
Adjustments for:			
Dividend income		(6,587,820)	(3,705,160)
Interest income		(39,753)	(22,872)
Decrease/(increase) in financial assets at fair value through profit or loss		383,423,930	(338,640,184)
Decrease in prepayments and other receivables		1,033	12,630
(Decrease)/increase in amounts due to a participating dealer		(18,246,711)	18,246,711
(Decrease)/increase in amounts due to a broker		(2,382,111)	2,382,111
(Decrease)/increase in management fee payable		(89,572)	62,433
(Decrease)/increase in trustee fee payable		(21,102)	5,921
(Decrease)/increase in other payables and accruals		(7,556)	296,599
Cash flows from/(used in) operations		275,971,934	(279,836,610)
Dividend received		6,587,820	3,705,160
Interest received		42,344	20,299
Tax paid		(666,163)	(389,570)
Net cash flows from/(used in) operating activities		281,935,935	(276,500,721)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of units		131,279,100	379,766,400
Payments on redemption of units		(441,469,000)	(70,379,400)
Distributions paid to unitholders		(2,530,000)	(1,400,000)
Net cash flows (used in)/from financing activities		(312,719,900)	307,987,000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
		(30,783,965)	31,486,279
Cash and cash equivalents at the beginning of the year		33,820,222	2,333,943
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		3,036,257	33,820,222
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks	10	3,036,257	33,820,222

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

STATEMENT OF DISTRIBUTION

For the year ended 31 December 2018

	Note	2018 RMB	2017 RMB
Undistributed income at the beginning of year		-	-
(Loss)/profit after tax and total comprehensive income for the year		(80,744,567)	41,135,631
Net change in unrealised gains or losses on financial assets at fair value through profit or loss		91,493,095	(30,171,333)
Undistributed income before distribution		10,748,528	10,964,298
Distributions distributed on 5 September 2018, RMB0.11 per unit (2017: 3 August 2017, RMB0.10 per unit)	8	(2,530,000)	(1,400,000)
Transfer to capital	8	(8,218,528)	(9,564,298)
Undistributed income at the year end		-	-

The amount available for distribution is the total net amount receivable by the Sub-Fund in respect of the relevant period ("Total Income") minus any expenses chargeable against income, subject to adjustments made in accordance with the Trust Deed. Total Income would include amount receivable by way of interests (e.g. generated from bank deposits and debt securities), or other receipts as determined by the Manager to be in the nature of income. Capital gains or losses, whether realised or unrealised, do not form part of Total Income and therefore would not impact on the amount available for distribution.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

1. THE TRUST

Haitong ETF Series (“the Trust”) is an umbrella unit trust governed by its trust deed dated 13 December 2013 (the “Trust Deed”) between Haitong International Asset Management (HK) Limited (the “Manager”) and HSBC institutional Trust Services Asia Limited (The “Trustee”). The Trust Deed is governed by Hong Kong law. The Trust is authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to section 104(1) of the Securities and Futures Ordinance of Hong Kong.

These financial statements relate to the first Sub-Fund of the Trust, Haitong CSI300 Index ETF (the “Sub-Fund”). The date of inception of the Sub-Fund is 5 March 2014. The Sub-Fund is listed on the Hong Kong Stock Exchange (the “HKEx”). The stock codes for RMB counter is 82811 and for HK counter is 02811.

The investment objective of the Sub-Fund is to provide investment results, before the deduction of fees and expenses that closely correspond to the performance of an underlying Index namely the CSI300 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 weighting as the Index Securities have in the Index. The Sub-Fund will not invest in securities that are not Index Securities.

Under current regulations in the People’s Republic of China (the “PRC”), generally foreign investors can invest only 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 (the “CSRC”) and have been granted quota(s) by the State Administration of Foreign Exchange (the “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.

The Sub-Fund obtains exposure to securities issued within the PRC through the RQFII quotas of Haitong International Holdings Limited, the holding company of the Manager (the “RQFII Holder”). As at 31 December 2018, the RQFII quota of Haitong International Holdings Limited approved by the SAFE was RMB10.7 billion (2017: RMB10.7 billion).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2.1 BASIS OF PREPARATION

The financial statements of the Sub-Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E to the SFC Code.

The financial statements have been prepared on the historical cost basis, except for financial assets classified at fair value through profit or loss that have been measured at fair value. The financial statements are presented in RMB and all values are rounded to the nearest RMB except where otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Sub-Fund applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

The nature and the impact of each new standard and amendment is described below:

IFRS 9 *Financial Instruments*

The Sub-Fund adopted IFRS 9 *Financial Instruments* on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement* and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

(a) Classification and measurement

The Sub-Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Equity instruments, are acquired for the purpose of generating short-term profit. Therefore, they meet the held-for-trading criteria and are required to be measured at FVPL.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Sub-Fund has not designated any financial liabilities at FVPL. Therefore, this requirement has not had any impact on the Sub-Fund.

(b) Impairment

IFRS 9 requires the Sub-Fund to record expected credit losses ("ECLs") on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Sub-fund to credit risk, this amendment has not had a material impact on the financial statements. The Sub-Fund only holds trade receivables with no financing component and that have maturities of less than 12 months at amortised cost. Therefore, it has adopted an approach similar to the simplified approach to ECLs.

NOTES TO THE FINANCIAL STATEMENTS

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2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 9 Financial Instruments (continued)

(c) Hedge accounting

The Sub-Fund has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018. However, the Sub-Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the 2017 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Sub-Fund's financial assets and financial liabilities as at 1 January 2018:

Financial assets

1 January 2018	IAS 39 classification	IAS 39 measurement RMB	IFRS 9 classification	IFRS 9 measurement RMB
Financial assets at fair value through profit or loss	Held for trading at fair value through profit or loss	567,310,739	Fair value through profit or loss	567,310,739
Cash and bank balances	Loans and receivables	33,820,222	Amortised cost	33,820,222
Deposit reserve – China Exchange Clearing	Loans and receivables	380,800	Amortised cost	380,800
Other receivables	Loans and receivables	2,932	Amortised cost	2,932

Financial liabilities

1 January 2018	IAS 39 classification	IAS 39 measurement RMB	IFRS 9 classification	IFRS 9 measurement RMB
Management fee payable	Other financial liabilities	178,888	Amortised cost	178,888
Trustee fee payable	Other financial liabilities	44,914	Amortised cost	44,914
Amounts due to a participating dealer	Other financial liabilities	18,246,711	Amortised cost	18,246,711
Other payables and accruals	Other financial liabilities	864,255	Amortised cost	864,255
Amounts due to a broker	Other financial liabilities	2,382,111	Amortised cost	2,382,111

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

IFRS 9 *Financial Instruments* (continued)

Impact of adoption of IFRS 9 (continued)

In line with the characteristics of the Sub-Fund's financial instruments as well as its approach to their management, the Sub-Fund neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Sub-Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as fair value through profit or loss under IAS 39 are still classified as fair value through profit or loss under IFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

In addition, the application of the ECL model under IFRS 9 has not significantly changed the carrying amounts of the Sub-Fund's amortised cost financial assets. The carrying amounts of amortised cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to IFRS 9.

IFRS 15 *Revenue from contracts with customers*

The Sub-Fund adopted IFRS 15 *Revenue from contracts with customers* on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 *Revenue* and establishes a five-step model to account for revenue arising from contracts with customers. In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements. Therefore, there was no impact of adopting IFRS 15 for the Sub-Fund.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Sub-Fund has not early applied any of the new and revised IFRSs that have been issued but are not yet effective for the accounting year ended 31 December 2018, in these financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

In the current period, the Sub-Fund has adopted IFRS 9 *Financial Instruments*. See section 2.2 for an explanation of the impact. Comparative figures for the year ended 31 December 2017 have not been restated. Therefore, financial instruments in the comparative period are still accounted for in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*.

(iA) Classification - Policy effective from 1 January 2018 (IFRS 9)

In accordance with IFRS 9, the Sub-Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below. In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
or
- (b) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking;
or
- (c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iA) Classification - Policy effective from 1 January 2018 (IFRS 9) (continued)

Financial assets

The Sub-Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Sub-Fund includes in this category short-term non-financing receivables including accrued income and other receivables.

Financial assets measured at fair value through profit or loss (FVPL)

A financial asset is measured at fair value through profit or loss if:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding; or
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Sub-Fund includes in this category:

- Equity instruments.
- Instruments held for trading; this category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

Financial liabilities

Financial liabilities measured at fair value through profit or loss (FVPL)

A financial liability is measured at FVPL if it meets the definition of held for trading.

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Sub-Fund includes in this category other short-term payables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iB) Classification - *Policy effective before 1 January 2018 (IAS 39)*

The Sub-Fund classifies its financial assets and financial liabilities at initial recognition into the following categories, in accordance with IAS 39.

Financial assets at fair value through profit or loss

The category of financial assets and liabilities at FVPL is sub-divided into:

- *Financial assets and liabilities held for trading:* financial assets are classified as held for trading if they are acquired for the purpose of selling and/or repurchasing in the near term. This category includes equity instruments. These assets are acquired principally for the purpose of generating a profit from short-term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading. The Sub-Fund's policy is not to apply hedge accounting.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category is amounts relating to interest receivable on bank deposits and other receivables.

Other financial liabilities

This category includes all financial liabilities other than those classified as held for trading. The Sub-Fund includes in this category amounts relating to amounts due to a participating dealer, amounts due to a broker, management fee payable, trustee fee payable and other short-term payables.

(ii) Recognition

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

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

(iii) Initial measurement

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. All transaction costs for such instruments are recognised directly in profit or loss.

Loans and receivables and financial liabilities (other than those classified as financial assets at fair value through profit or loss) are measured initially at their fair value and net of directly attributable transaction costs.

(iv) Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iv) *Subsequent measurement* (continued)

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

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Sub-Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(v) *Derecognition*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired; or the Sub-Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass through arrangement and either the Sub-Fund has transferred substantially all the risks and rewards of the asset, or the Sub-Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

The Sub-Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Sub-Fund measures its investments in financial instruments, such as equity instruments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Sub-Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted price, without any deduction for transaction costs. Securities defined in these accounts as 'listed' are traded in an active market.

For all other financial instruments not traded in an active market, the fair value is determined by using the last traded price or valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (e.g. Price to Earnings Ratio) and income approach.

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets - Policy effective from 1 January 2018 (IFRS 9)

The Sub-Fund holds only receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses ("ECLs") under IFRS 9 to all its trade receivables. Therefore the Sub-Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Sub-Fund's approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Impairment of financial assets - Policy effective before 1 January 2018 (IAS 39)

The Sub-Fund assesses at each reporting date whether a financial asset or group of financial assets classified as loans and receivables is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted using the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

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

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

Cash and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units

Redeemable units are classified as an equity instrument when:

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividend income

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

Interest income and expenses

Interest income and expenses are recognised in the statement of profit or loss and other comprehensive income as they accrue using the effective interest method.

Net gain or loss on financial assets at fair value through profit or loss

Net gains or losses on financial assets and liabilities at FVPL are changes in the fair value of financial assets and liabilities held for trading and exclude dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the year and from reversal of prior year's unrealised gains and losses for financial instruments which were realised in the reporting period. Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average method. They represent the difference between an instrument's initial carrying amount and disposal amount.

Foreign currency

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss as part of the "net gain or loss on financial assets and liabilities at fair value through profit or loss".

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional currency

The Sub-Fund's functional currency is RMB, which is the currency of the primary economic environment in which it operates. The Sub-Fund's performance is evaluated and its liquidity is managed in RMB. Moreover, the net asset value per unit at the time of issue or redemption is determined and units quoted on the HKEx are denominated in RMB. Therefore, the RMB is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The Sub-Fund's presentation currency is also RMB.

Distributions to unitholders

Distributions are at the discretion of the Manager. A distribution to the Sub-Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the year in which it is approved by the Manager. No distribution will be paid out of the Sub-Fund's capital.

Taxes

The Sub-Fund is exempt from all forms of taxation in Hong Kong, including income, capital gains and withholding taxes. However, in some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in profit or loss. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Related parties

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Fair value

For fair value of financial instruments at fair value through profit or loss, please refer to Note 9.

Going concern

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

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

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund, the Trustee, the Manager and their Connected Persons. Connected Persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund 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 except for those disclosed below.

(a) Fees

Management fee

The Manager is entitled to receive management fee of up to 2% per annum of the net asset value of the Sub-Fund. The management fee is currently at a rate of 0.6% per annum with respect to the net asset value of the Sub-Fund calculated and accrued on each valuation day and is paid monthly in arrears.

Trustee fee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

(a) Fees (continued)

Registrar fee

The Trustee, acting as the Registrar, is also entitled to receive a registrar fee of RMB120 per participating dealer per transaction for updating the register record of the Sub-Fund and an administrative transaction fee of RMB18,000 (2017: RMB18,000) per participating dealer per transaction for handling any cash creation and redemption of units of the Sub-Fund.

(b) Bank deposits and investments held by the Trustee's affiliates

The investments and bank balances deposited with the affiliates of the Trustee are summarised below.

As at 31 December 2018

	Note	RMB
<u>Investments</u>		
HSBC Bank (China) Company Limited ("HSBC China")		183,886,809
		<u>183,886,809</u>
<u>Bank balances</u>		
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	10	25,873
HSBC Bank (China) Company Limited ("HSBC China")	10	3,010,384
		<u>3,036,257</u>

As at 31 December 2017

	Note	RMB
<u>Investments</u>		
HSBC Bank (China) Company Limited ("HSBC China")		567,310,739
		<u>567,310,739</u>
<u>Bank balances</u>		
The Hongkong and Shanghai Banking Corporation Limited ("HSBC")	10	43,829
HSBC Bank (China) Company Limited ("HSBC China")	10	33,776,393
		<u>33,820,222</u>

At 31 December 2018, the interest income on bank balances was RMB39,753 (2017: RMB22,872).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

(c) Holdings in the Sub-Fund

The Manager and the Trustee entered into a Participating Agreements with participating dealers to effect applications for creation and redemption of the Sub-Fund. The creation and redemption transactions and holdings in the Sub-Fund by the Connected Persons of the Manager as at 31 December 2018 and 31 December 2017 were as follows:

Haitong International Securities Company Limited is a fellow subsidiary of the Manager.

	Units outstanding at 1 January 2018	Units subscribed/ transferred in	Units redeemed/ transferred out	Total units 31 December 2018
Haitong International Securities Company Limited	-	37,000,000	(37,000,000)	-

	Units outstanding at 1 January 2017	Units subscribed/ transferred in	Units redeemed/ transferred out	Total units 31 December 2017
Haitong International Securities Company Limited	-	26,000,000	(26,000,000)	-

As at 31 December 2018, there was no payable to Haitong International Securities Company Limited due to the creation of units made but not yet settled (2017: RMB18,246,711).

(d) Investment transactions with Connected Persons of the Manager

The following table shows an analysis of the Sub-Fund's transactions executed with Haitong Securities Company Limited, the ultimate holding company, during the years ended 31 December 2018 and 2017.

	Aggregate value of transactions executed RMB	Total commission paid RMB	% of total transactions of the Sub-Fund	Average rate of commission of the Sub-Fund
<u>2018</u>				
Haitong Securities Company Limited	5,023,762	4,019	0.82%	0.08%
<u>2017</u>				
Haitong Securities Company Limited	4,724,116	3,779	0.01%	0.08%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

6. SOFT COMMISSION ARRANGEMENTS

The Manager and its Connected Persons may enter into soft commission arrangements with brokers under which certain goods and services used to support investment decision making will be received. The Manager and its Connected Persons will not make direct payment for these services but will transact an agreed amount of business with the brokers on behalf of the Sub-Fund and commission will be paid on these transactions.

The goods and services must be of demonstrable benefit to the Sub-Fund and may include research and advisory services, economic and political analysis, portfolio analysis including valuation and performance measurement, market analysis and data and quotation services, computer hardware and software incidental to the above goods and services, clearing and custodian services and investment related publications.

The Manager had not participated in any soft dollar arrangements in respect of any transactions for the accounts of the Sub-Fund for the year ended 31 December 2018 (2017: Nil).

7. INCOME TAX

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made for the Sub-Fund. The Sub-Fund is authorised by the SFC as a collective investment scheme pursuant to Section 104 of the SFC to offer to the retail public in Hong Kong. It is exempted from Hong Kong Profits Tax under Section 26A (1A) of the Hong Kong Inland Revenue Ordinance.

PRC Tax

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend and interest) imposed on securities issued by PRC tax resident enterprises. The withholding tax on interest income for the year ended 31 December 2018 was RMB5,363 (2017: RMB2,925).

Distribution Tax

A 10% PRC withholding tax has been levied on dividend and interest payments from PRC companies to foreign investors. As such, the RQFII holder will pass on this tax liability to the Sub-Fund in the form of distribution tax and therefore the Sub-Fund is subject to a distribution tax of 10%. There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future. The distribution tax for the year ended 31 December 2018 was RMB660,800 (2017: RMB386,645).

Capital Gains Tax

In view of the "Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains from the transfer of equity investment assets such as PRC domestic stocks by Qualified Foreign Institutional Investor ("QFII") and RQFII" ("關於 QFII 和 RQFII 取得中國境內的股票等權益性投資資產轉讓所得暫免徵收企業所得稅問題的通告") Caishui [2014] No.79 (the "Notice") issued by the Ministry of Finance of the PRC (the "MoF"), the State Administration of Taxation of the PRC ("SAT") and the China Securities Regulatory Commission (the "CSRC"), the Sub-Fund has reversed all prior years' provision for gross unrealised capital gains derived on disposal of A-Shares. With effect from 17 November 2014, no withholding tax is made by the Sub-Fund for capital gains derived on disposal of all A-Shares.

There was no capital gains tax charged for the years ended 31 December 2018 and 2017.

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8. DISTRIBUTIONS

The distributions made by the Sub-Fund for the years are as follows:

	2018 RMB	2017 RMB
Distribution of RMB0.11 per unit made on 5 September 2018	2,530,000	-
Distribution of RMB0.10 per unit made on 3 August 2017	-	1,400,000

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

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the period end date. The quoted market price used for financial assets held by the Sub-Fund is the current traded price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The following table shows an analysis of the Sub-Fund's financial assets measured at fair value at 31 December 2018 and 31 December 2017:

At 31 December 2018

	Quoted prices in active markets Level 1 RMB	Significant observable inputs Level 2 RMB	Significant unobservable inputs Level 3 RMB	Total RMB
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	180,459,171	2,814,216	613,422	183,886,809

At 31 December 2017

	Quoted prices in active markets Level 1 RMB	Significant observable inputs Level 2 RMB	Significant unobservable inputs Level 3 RMB	Total RMB
<u>Financial assets at fair value through profit or loss</u>				
Listed equity securities	560,485,641	3,478,631	3,346,467	567,310,739

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

When fair values of listed equity securities at the reporting date are based on quoted market prices or binding dealer price quotations, without any deduction for transaction costs, the instruments are included within Level 1 of the hierarchy.

During the years ended 31 December 2018 and 2017, there have been transfers of investments between Level 1 and Level 2 due to suspension of trading.

Transfers between Level 1 and Level 2

As at 31 December 2018, the Sub-Fund reclassified one listed equity security, amounted to RMB2,450,427, from Level 1 to Level 2 financial instruments due to suspension of trading. This listed equity security was temporarily suspended from trading as at 31 December 2018 and resumed trading from suspension before the date of authorisation of the financial statements for the year ended 31 December 2018.

As at 31 December 2017, the Sub-Fund reclassified seven listed equity securities, amounted to RMB 2,770,385, from Level 1 to Level 2 financial instruments due to suspension of trading. These listed equity securities were temporarily suspended from trading as at 31 December 2017 and resumed trading from suspension before the date of authorisation of the financial statements for the year ended 31 December 2017.

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

Transfers between Level 1 and Level 3

As at 31 December 2018, the Sub-Fund did not reclassify any listed equity securities, from Level 1 to Level 3 financial instruments due to suspension of trading. The listed equity security, amounted to RMB613,422, was suspended from trading as at 31 December 2017 and 31 December 2018, and was still suspended from trading during the period between the end of the reporting period (i.e. 31 December 2018) and the date of authorisation of the Sub-Fund's financial statements for the year ended 31 December 2018.

As at 31 December 2017, the Sub-Fund reclassified three listed equity securities, amounted RMB2,452,279, from Level 1 to Level 3 financial instruments due to suspension of trading. These listed equity securities were suspended from trading as at 31 December 2017 and were still suspended from trading during the period between the end of the reporting period as at 31 December 2017 and the date of authorisation of the Sub-Fund's financial statements for the year ended 31 December 2017.

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

Transfers between Level 2 and Level 3

As at 31 December 2018, the Sub-Fund reclassified one listed equity security amounted to RMB363,789 from Level 3 to Level 2 financial instruments due to suspension of trading. The listed equity security was suspended from trading as at 31 December 2017 and 31 December 2018, and resumed trading from suspension before the date of authorisation of the financial statements for the year ended 31 December 2018.

As at 31 December 2017, the Sub-Fund reclassified one listed equity security amounted to RMB366,030 from Level 2 to Level 3 financial instruments due to suspension of trading. The listed equity security suspended trading as at 31 December 2017 and was still suspended from trading during the period between the end of the reporting period as at 31 December 2017 and the date of authorisation of the Sub-Fund's financial statements for the year ended 31 December 2017.

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Transfers between Level 2 and Level 3 (continued)

The transfer between Level 2 and Level 3 of the fair value hierarchy is deemed to have occurred at the end of the reporting period.

Valuation techniques

Listed equity securities traded in active market with quoted market prices

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

Listed equity securities temporarily suspended as at year end date

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

Listed equity securities suspended as at year end date and has not resumed trading prior to the date of authorisation of the financial statements

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

Valuation process for Level 3 valuations

The valuation of the suspended investments is performed on a quarterly basis by the management team of the Manager and reviewed by the senior management of the Manager. The latest valuation is compared with the valuations in the preceding quarters. If fair value changes are more than certain thresholds set, the changes are further considered by the senior management of the Manager. The Manager considers the appropriateness of the valuation methods and inputs, and may request that alternative valuation methods are applied to support the valuation arising from the chosen method. There were no changes in valuation techniques during the year.

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Quantitative information of significant unobservable inputs - Level 3

Description	RMB	Valuation technique	Unobservable Input
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As at 31 December 2018

Equity securities	613,422	Index Return Method/ Last traded price	Return on relevant industry index
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As at 31 December 2017

Equity securities	3,346,467	Index Return Method/ Last traded price	Return on relevant industry index
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The following table demonstrates the sensitivity of the fair value of investments as at the end of the reporting period to a reasonably possible change in the forecast earnings per share, with all other variables held constant.

As at 31 December 2018

		Change in return of the index used	Effect on the fair value of investment RMB	Effect on the net assets attributable to unitholders RMB
Equity securities	CSI300 Index	5%	30,700	30,700
	CSI300 Index	-5%	(30,700)	(30,700)

As at 31 December 2017

		Change in return of the index used	Effect on the fair value of investment RMB	Effect on the net assets attributable to unitholders RMB
Equity securities	CSI300 Index	5%	167,300	167,300
	CSI300 Index	-5%	(167,300)	(167,300)

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9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Level 3 reconciliation

The following table shows a reconciliation of all movements in financial assets designated as at fair value through profit or loss categorised within Level 3 for the years ended 31 December 2018 and 2017.

	2018 RMB	2017 RMB
1 January	3,346,467	2,475,220
Net change in unrealised gains or losses	85,264	(362)
Transfer out of Level 3	(2,818,309)	(1,946,700)
Transfer into Level 3	-	2,818,309
31 December	<u>613,422</u>	<u>3,346,467</u>
Total losses for the year included in profit or loss for assets held at the end of the year	<u>(310,359)</u>	<u>(303,592)</u>

10. CASH AND BANK BALANCES

The cash at banks is with HSBC and HSBC China, affiliate companies of the Trustee, the custodian and the PRC custodian of the Sub-Fund. The bank accounts with HSBC Hong Kong and HSBC China are interest bearing accounts. The carrying amount of the cash at banks approximates to its fair value.

11. AMOUNTS DUE TO A BROKER

	2018 RMB	2017 RMB
Amounts due to a broker		
- payables for securities purchased but not yet settled	<u>-</u>	<u>2,382,111</u>

The carrying amount of the amounts due to a broker approximates to their fair value.

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

	2018 Units	2017 Units
Number of units in issue at the beginning of the year	39,500,000	19,000,000
Units issued	8,500,000	26,000,000
Units redeemed	(31,000,000)	(5,500,000)
Number of units in issue at the end of the year	<u>17,000,000</u>	<u>39,500,000</u>

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12 NUMBER OF UNITS IN ISSUE AND NET ASSETS ATTRIBUTABLE TO UNITHOLDERS PER UNIT
(continued)

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

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

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

A reconciliation of the net assets attributable to unitholders as reported in the statement of financial position to the net assets attributable to unitholders as determined for the purposes of processing unit subscriptions and redemptions is provided below:

	2018 RMB	2017 RMB
Net assets attributable to unitholders (Note)	186,411,517	580,253,723
Recognition of preliminary expenses (Note)	(65,203)	(442,942)
Net assets attributable to unitholders (per financial statements)	<u>186,346,314</u>	<u>579,810,781</u>

Note:

The net assets attributable to unitholders are calculated in accordance with the explanatory memorandum where preliminary expenses are capitalised and to be amortised over the first five years of the operation of the Sub-Fund, while the net assets attributable to unitholders as reported in the audited financial statements, the preliminary expenses are expensed as incurred, as required under IFRSs.

	Net assets per unit RMB	Net assets per unit (per financial statements) RMB
Net assets attributable to unitholders per unit at 31 December 2018	<u>10.9654</u>	<u>10.9615</u>
Net assets attributable to unitholders per unit at 31 December 2017	<u>14.6900</u>	<u>14.6788</u>

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13. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

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

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

The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the year.

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 CSI300 Index as at 31 December 2018 and 31 December 2017.

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risk management

The Sub-Fund's objective in managing risk is the creation and protection of unitholders' value. Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Sub-Fund's continuing profitability. The Sub-Fund is exposed to market risk (which includes price risk, interest rate risk and currency risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Sub-Fund's Manager is responsible for identifying and controlling risks. The board of directors of the Manager supervises the Manager and is ultimately responsible for the overall risk management approach within the Sub-Fund.

The Sub-Fund itself is subject to various risks. The main risks associated with the investments, assets and liabilities of the Sub-Fund are set out below:

(a) Market risk

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

(i) Equity price risk

The Sub-Fund has invested substantially all of its assets in A-Shares of those PRC companies comprising the Index in substantially the same weightings as constituted in the CSI300 Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the Index.

NOTES TO THE FINANCIAL STATEMENTS

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

Risk management (continued)

(a) Market risk (continued)

(i) Equity price risk (continued)

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

As at 31 December 2018 and 2017, the Sub-Fund's investments were concentrated in the following industries.

	31 December 2018		31 December 2017	
	Fair value	% of net	Fair value	% of net
	RMB	asset	RMB	asset
		value		value
		%		%
A-Shares holdings				
By sectors				
Consumer Discretionary	18,924,910	10.16	66,646,517	11.49
Consumer Staples	15,760,658	8.46	46,066,141	7.94
Energy	4,913,869	2.64	14,380,812	2.48
Financials	71,605,183	38.43	220,365,109	38.01
Health Care	12,223,538	6.56	30,002,205	5.17
Industrials	24,977,247	13.40	78,830,228	13.60
Information Technology	12,570,114	6.74	45,212,504	7.80
Materials	13,033,557	6.99	38,006,655	6.55
Telecommunication Services	4,268,651	2.29	12,497,074	2.16
Utilities	5,609,082	3.01	15,303,494	2.64
	<u>183,886,809</u>	<u>98.68</u>	<u>567,310,739</u>	<u>97.84</u>

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

As at 31 December 2018, if the CSI300 Index were to increase by 10% (2017: 10%) with all other variables held constant, this would increase the profit before tax of the Sub-Fund for the year by approximately RMB18,389,000 (2017: RMB56,731,000). Conversely, if the CSI300 Index were to decrease by 10%, this would decrease the operating profit for the year by an approximately equal amount.

NOTES TO THE FINANCIAL STATEMENTS

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

Risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

The Manager considers that the Sub-Fund is not subject to significant amount of risk due to fluctuations in the prevailing level of market interest rate. As the financial instruments of the Sub-Fund are predominately listed equities, which are non-interest bearing, the Manager considers that the exposure to the changes in the fair value in the event of a change in market interest rates is not be significant. Therefore, no sensitivity analysis is presented.

The Sub-Fund also has an interest bearing bank deposit with HSBC China. As the bank deposit is on demand, the Manager considers that the movement in interest rates will have an insignificant cash flow impact on daily net assets attributable to unitholders. Therefore, no sensitivity analysis of interest on the bank deposit is presented.

(iii) Currency risk

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

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

(b) Credit and counterparty risk

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

All transactions by the Sub-Fund in securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

Credit risk disclosures are segmented into two sections based on whether the underlying financial instrument is subject to IFRS 9's impairment disclosure or not.

NOTES TO THE FINANCIAL STATEMENTS

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

Risk management (continued)

(b) Credit and counterparty risk (continued)

Financial assets subject to IFRS 9's impairment requirements

The Sub-Fund's financial assets subject to the expected credit loss model within IFRS 9 are deposit reserve – China Exchange Clearing, cash and bank balances and other receivables. At 31 December 2018, the total of other receivables was RMB341. There is not considered to be any concentration of credit risk within these assets. No assets are considered impaired and no amounts have been written off in the period.

All receivables are expected to be received in three months or less. An amount is considered to be in default if it has not been received 30 days after it is due.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the custodian. The tables below summarise the Sub-Fund's assets placed with banks and the PRC custodian and their related credit ratings from Moody's:

	RMB	Credit rating	Source of credit rating
As at 31 December 2018			
<u>Banks</u>			
The Hong Kong and Shanghai Banking Corporation Limited ("HSBC")	25,873	Aa3	Moody's
HSBC Bank (China) Company Limited ("HSBC China")	3,010,384	A1	Moody's
<u>PRC Custodian</u>			
HSBC Bank (China) Company Limited ("HSBC China")	183,886,809	A1	Moody's
As at 31 December 2017			
<u>Banks</u>			
The Hong Kong and Shanghai Banking Corporation Limited ("HSBC")	43,829	Aa3	Moody's
HSBC Bank (China) Company Limited ("HSBC China")	33,776,393	A1	Moody's
<u>PRC Custodian</u>			
HSBC Bank (China) Company Limited ("HSBC China")	567,310,739	A1	Moody's

The Sub-Fund's maximum exposure to credit risk as at 31 December 2018 and 2017 is the carrying amount of the financial assets as shown on the statement of financial position.

The Manager considers that none of these assets were impaired nor past due at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

Risk management (continued)

(c) Liquidity risk

Liquidity risk is defined as the risk that the Sub-Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Sub-Fund could be required to pay its liabilities or redeem its units earlier than expected. The Sub-Fund is exposed to daily cash redemptions of its redeemable units. Units are redeemable at the holder's option based on the Sub-Fund's net asset value per unit at the time of redemption, calculated in accordance with the Sub-Fund's Trust Deed. It is the Sub-Fund's policy that the Manager monitors the Sub-Fund's liquidity position on a daily basis.

The table below summarises the maturity profile of Sub-Fund's financial assets and liabilities at the end of the reporting period based on contractual undiscounted cash flows in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

Financial assets

The analysis of equity securities at fair value through profit or loss into maturity groupings is based on the expected date on which these assets will be realised. For other assets, the analysis into maturity groupings is based on the remaining period from the end of the reporting period to the contractual maturity date or, if earlier, the expected date on which the assets will be realised.

Financial liabilities

The maturity grouping is based on the remaining period from the end of the reporting period to the contractual maturity date. When counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Sub-Fund can be required to pay.

	Less than 1 month RMB	1 to 12 months RMB	Total RMB
As at 31 December 2018			
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	183,273,387	613,422	183,886,809
Financial assets included in prepayments and other receivables	-	341	341
Deposit reserve – China Exchange Clearing	-	380,800	380,800
Cash and bank balances	3,036,257	-	3,036,257
Total	<u>186,309,644</u>	<u>994,563</u>	<u>187,304,207</u>
<u>Financial liabilities</u>			
Management fee payable	89,316	-	89,316
Trustee fee payable	23,812	-	23,812
Other payables and accruals	783,614	73,085	856,699
Total	<u>896,742</u>	<u>73,085</u>	<u>969,827</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

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

Risk management (continued)

(c) Liquidity risk (continued)

As at 31 December 2017	Less than 1 month RMB	1 to 12 months RMB	Total RMB
<u>Financial assets</u>			
Financial assets at fair value through profit or loss	563,161,571	4,149,168	567,310,739
Financial assets included in prepayments and other receivables	-	2,932	2,932
Deposit reserve – China Exchange Clearing	-	380,800	380,800
Cash and bank balances	33,820,222	-	33,820,222
Total	<u>596,981,793</u>	<u>4,532,900</u>	<u>601,514,693</u>
<u>Financial liabilities</u>			
Amounts due to a participating dealer	18,246,711	-	18,246,711
Amounts due to a broker	2,382,111	-	2,382,111
Management fee payable	178,888	-	178,888
Trustee fee payable	44,914	-	44,914
Other payables and accruals	627,583	236,672	864,255
Total	<u>21,480,207</u>	<u>236,672</u>	<u>21,716,879</u>

Capital management

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

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

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15. SEGMENT INFORMATION

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

The Manager considers that each Sub-Fund has a single operating segment which is investing in securities. The objectives of the Sub-Fund are to track the performance of its respective Index and invest in substantially all the Index constituents with security weight and industry weight that are closely aligned 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 profit or loss and other comprehensive income.

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

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

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issued by the Trustee and the Manager on

30 APR 2019

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

INVESTMENT PORTFOLIO (unaudited)

As at 31 December 2018

	Holdings	Fair value RMB	% of Net Assets
Listed equities			
<u>China</u>			
360 Security Technology Inc	7,900	160,923	0.09
Adama Ltd	4,900	44,737	0.02
AECC Aviation Power Co Ltd	17,459	379,209	0.20
Agricultural Bank of China Ltd	745,000	2,682,000	1.44
Aier Eye Hospital Group Co Ltd	18,499	486,524	0.26
Air China Ltd	58,100	443,884	0.24
Aisino Co Ltd	21,734	497,491	0.27
Aluminum Corporation of China Ltd	127,900	454,045	0.24
Angang Steel Co Ltd	35,900	184,167	0.10
Anhui Conch Cement Co Ltd	38,904	1,139,109	0.61
Anxin Trust Co Ltd	42,580	186,075	0.10
AVIC Aircraft Co Ltd	26,900	356,156	0.19
AVIC Helicopter Co Ltd	5,700	212,952	0.11
AVIC Investment Holdings Co Ltd	87,300	370,152	0.20
AVIC Jonhon Optron Technology Co Ltd	7,700	259,336	0.14
Baiyin Nonferrous Group Co Ltd	16,300	48,085	0.03
Bank of Beijing Co Ltd	287,806	1,614,592	0.87
Bank of Chengdu Co Ltd	7,700	61,985	0.03
Bank of China Ltd	409,900	1,479,739	0.79
Bank of Communications Co Ltd	534,300	3,093,597	1.66
Bank of Guiyang Co Ltd	26,800	286,224	0.15
Bank of Hangzhou Co Ltd	39,900	295,260	0.16
Bank of Jiangsu Co Ltd	134,700	804,159	0.43
Bank of Nanjing Co Ltd	115,466	745,910	0.40
Bank of Ningbo Co Ltd	50,653	821,592	0.44
Bank of Shanghai Co Ltd	106,274	1,189,206	0.64
Baoshan Iron & Steel Co Ltd	173,248	1,126,112	0.60
BBMG Corporation Ltd	64,900	227,150	0.12
Beijing Enlight Media Co Ltd	17,160	130,416	0.07
Beijing New Building Materials Public Ltd	16,400	225,664	0.12
Beijing Orient Landscape and Environment Co Ltd	26,100	181,656	0.10
Beijing Oriental Yuhong Waterproof Technology Co Ltd	17,500	226,625	0.12
Beijing Origin Water Technology Co Ltd	36,756	286,697	0.15
Beijing Sanju Environmental Protection & New Materials Co Ltd	22,835	224,696	0.12
Beijing Shiji Information Technology Co Ltd	6,200	160,952	0.09
Beijing Shougang Co Ltd	30,900	115,257	0.06
Beijing Tongrentang Co Ltd	10,719	294,772	0.16
Beijing Xinwei Telecom Technology Group Co Ltd	42,044	613,422	0.33
BOE Technology Group Co Ltd	460,980	1,212,377	0.65
Bohai Leasing Co Ltd (Formerly known as "Bohai Financial Investment Holding Co Ltd")	36,100	129,960	0.07
BYD Co Ltd	17,606	897,906	0.48
Caitong Securities Co Ltd	7,700	55,594	0.03
Changchun High & New Technology Industries (Group) Inc	2,600	455,000	0.24

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

INVESTMENT PORTFOLIO (unaudited) (continued)

As at 31 December 2018

	Holdings	Fair value RMB	% of Net Assets
Listed equities (continued)			
China (continued)			
Changjiang Securities Co Ltd	75,248	387,527	0.21
Chaozhou Three Circle Group Co Ltd	20,300	343,476	0.18
Chengdu Kanghong Pharmaceutical Group Co Ltd	2,600	88,582	0.05
China Avionics Systems Co Ltd	10,244	132,967	0.07
China CITIC Bank Corporation Ltd	59,638	325,027	0.17
China Coal Energy Co Ltd	35,600	165,540	0.09
China Communications Construction Co Ltd	45,700	514,582	0.28
China Construction Bank Corporation	130,600	831,922	0.45
China Dongfanghong Spacesat Co Ltd	11,501	199,197	0.11
China Eastern Airlines Corporation Ltd	76,300	362,425	0.19
China Everbright Bank Co Ltd	309,700	1,145,890	0.62
China Film Co Ltd	14,529	208,055	0.11
China Fortune Land Development Co Ltd	35,066	892,430	0.48
China Galaxy Securities Co Ltd	25,100	171,182	0.09
China Grand Automotive Services Co Ltd	47,940	194,636	0.10
China International Travel Service Corporation Ltd	18,944	1,140,429	0.61
China Jushi Co Ltd	40,860	395,116	0.21
China Life Insurance Co Ltd	32,353	659,678	0.35
China Merchants Bank Co Ltd	200,612	5,055,422	2.71
China Merchants Expressway Network & Technology Holdings Co Ltd	10,800	86,724	0.05
China Merchants Securities Co Ltd	55,600	745,040	0.40
China Merchants Shekou Industrial Zone Co Ltd	46,112	800,043	0.43
China Minsheng Banking Co Ltd	482,746	2,766,135	1.48
China Molybdenum Co Ltd	137,433	516,748	0.28
China National Chemical Engineering Co Ltd	38,400	205,824	0.11
China National Nuclear Power Co Ltd	90,800	478,516	0.26
China Northern Rare Earth (Group) High-Tech Co Ltd	42,350	371,409	0.20
China Nuclear Engineering Group Co Ltd	15,300	99,909	0.05
China Oilfield Services Ltd	11,500	98,210	0.05
China Pacific Insurance Group Co Ltd	61,095	1,736,931	0.93
China Petroleum & Chemical Corporation	241,600	1,220,080	0.66
China Railway Group Ltd	144,930	1,013,061	0.54
China Railways Construction Corporation	89,500	972,865	0.52
China Reform Health Management and Services Group Co Ltd (Formerly known as "Searainbow Holding Corporation")	14,000	222,320	0.12
China Shenhua Energy Co Ltd	38,513	691,693	0.37
China Shipbuilding Industry Co Ltd	177,952	756,296	0.41
China Shipbuilding Industry Group Power Co Ltd	17,500	389,725	0.21
China Southern Airlines Co Ltd	66,900	444,216	0.24
China State Construction Engineering Corporation Ltd	408,240	2,326,968	1.25
China United Network Communications Ltd	181,023	935,889	0.50
China Vanke Co Ltd	94,516	2,251,371	1.21
China Yangtze Power Co Ltd	128,400	2,038,992	1.09
Chongqing Changan Automobile Co Ltd	37,900	249,761	0.13

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

INVESTMENT PORTFOLIO (unaudited) (continued)

As at 31 December 2018

	Holdings	Fair value RMB	% of Net Assets
Listed equities (continued)			
China (continued)			
Chongqing Zhifei Biological Products Co Ltd	9,300	360,468	0.19
CITIC Guoan Information Industry Co Ltd	53,400	179,958	0.10
CITIC Securities Co Ltd	153,056	2,450,427	1.32
COSCO SHIPPING Holdings Co Ltd	74,200	299,768	0.16
CRRC Corporation Ltd	189,270	1,707,215	0.92
CSC Financial Co Ltd	8,700	75,777	0.04
Daqin Railway Co Ltd	115,648	951,783	0.51
Datang International Power Generation Co Ltd	48,200	151,830	0.08
DHC Software Co Ltd	36,404	253,008	0.14
Dongxing Securities Co Ltd	26,800	256,208	0.14
Dongxu Optoelectronic Technology Co Ltd	74,624	335,808	0.18
East Money Information Co Ltd	70,310	850,751	0.46
Everbright Securities Co Ltd	38,000	333,260	0.18
Fangda Carbon New Material Co Ltd	20,900	349,239	0.19
Fiberhome Telecommunication Technologies Co Ltd	13,600	387,192	0.21
Finance Street Holding Co Ltd	23,300	150,052	0.08
First Capital Securities Company Ltd	40,900	221,678	0.12
Focus Media Information Technology Co Ltd	142,696	747,727	0.40
Foshan Haitian Flavouring & Food Co Ltd	15,800	1,087,040	0.58
Founder Securities Co Ltd	80,000	424,800	0.23
Foxconn Industrial Internet Co Ltd	23,000	266,570	0.14
Future Land Holdings Co Ltd	17,600	416,944	0.22
Fuyao Glass Industry Group Co Ltd	27,308	622,076	0.33
GD Power Development Co Ltd	229,300	587,008	0.32
Gemdale Corporation	43,900	422,318	0.23
Gezhouba Group Co Ltd	53,700	339,384	0.18
GF Securities Co Ltd	57,513	729,265	0.39
Giant Network Group Co Ltd	11,820	228,953	0.12
Gigadevice Semiconductor Beijing Inc	2,800	174,496	0.09
GoerTek Inc	37,900	260,752	0.14
Great Wall Motor Co Ltd	23,400	131,040	0.07
Gree Electric Appliances Inc of Zhuhai	93,614	3,341,084	1.79
Greenland Holdings Corporation Ltd	71,030	433,993	0.23
Guangdong Haid Group Co Ltd	15,400	356,818	0.19
Guangshen Railway Co Ltd	65,999	208,557	0.11
Guangzhou Automobile Group Co Ltd	18,040	185,632	0.10
Guangzhou Baiyun International Airport Co Ltd	20,100	202,005	0.11
Guangzhou Baiyunshan Pharmaceutical Holdings Co Ltd	10,977	392,538	0.21
Guangzhou Port Co Ltd	36,100	142,956	0.08
Guosen Securities Co Ltd	47,800	400,086	0.22
Guotai Junan Securities Co Ltd	87,700	1,343,564	0.72
Guoyuan Securities Co Ltd	39,301	274,321	0.15
Hainan Airlines Holding Co Ltd	223,800	420,744	0.23

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

INVESTMENT PORTFOLIO (unaudited) (continued)

As at 31 December 2018

	Holdings	Fair value RMB	% of Net Assets
Listed equities (continued)			
China (continued)			
Haitong Securities Co Ltd	157,347	1,384,654	0.74
Hangzhou Hikvision Digital Technology Co Ltd	71,814	1,849,929	0.99
Hangzhou Robam Appliances Co Ltd	9,200	185,748	0.10
Han's Laser Technology Industry Group Co Ltd	16,641	505,221	0.27
Hebei Yangyuan Zhihui Beverage Co Ltd	1,200	49,896	0.03
Heilan Home Co Ltd	35,000	296,800	0.16
Henan Shuanghui Investment & Development Co Ltd	19,258	454,296	0.24
Hengli Petrochemical Co Ltd	14,700	194,775	0.10
Hengtong Optic-Electric Co Ltd	25,918	441,902	0.24
Hengyi Petrochemical Co Ltd	22,400	258,048	0.14
Hesteel Company Ltd	82,600	234,584	0.13
Hithink Flush Information Network Co Ltd	4,200	160,440	0.09
Hoshine Silicon Industry Co Ltd	1,400	61,320	0.03
Hua Xia Bank Co Ltd	124,676	921,356	0.49
Huaan Securities Co Ltd	35,200	166,144	0.09
Huadian Power International Corp Ltd	63,400	301,150	0.16
Huadong Medicine Co Ltd	14,191	375,494	0.20
Hualan Biological Engineering Inc	10,860	356,208	0.19
Huaneng Lancang River Hydropower Co Ltd	35,000	110,250	0.06
Huaneng Power International Inc	85,600	631,728	0.34
Huatai Securities Co Ltd	63,481	1,028,392	0.55
HUAYU Automotive Systems Co Ltd	30,638	563,739	0.30
Hubei Biocause Pharmaceutical Co Ltd	28,800	161,568	0.09
Hubei Hongcheng General Machinery Co Ltd	6,300	211,239	0.11
Hundsun Electronic Co Ltd	9,650	501,607	0.27
iFLYTEK Co Ltd	28,464	701,353	0.38
Industrial and Commercial Bank of China Ltd	419,500	2,219,155	1.19
Industrial Bank Co Ltd	242,412	3,621,635	1.94
Industrial Securities Co Ltd	91,160	422,982	0.23
Inner Mongolia Junzheng Energy & Chemical Industry Co Ltd	65,616	171,914	0.09
Inner Mongolia Yili Industrial Group Co Ltd	118,240	2,705,331	1.45
Inner Mongolian BaoTou Steel Union Co Ltd	354,620	524,838	0.28
Jiangsu Hengrui Medicine Co Ltd	42,989	2,267,670	1.22
Jiangsu Yanghe Brewery Joint-Stock Co Ltd	11,737	1,111,729	0.60
Jiangsu Zhongnan Construction Group Co Ltd	36,100	202,521	0.11
Jiangsu Zhongtian Technologies Co Ltd	47,700	388,755	0.21
Jiangxi Copper Co Ltd	20,190	265,700	0.14
Jiangxi Ganfeng Lithium Co Ltd	15,150	334,512	0.18
Jointown Pharmaceutical Group Co Ltd	11,000	160,600	0.09
Kangde Xin Composite Material Group Co Ltd	41,307	315,585	0.17
Kangmei Pharmaceutical Co Ltd	58,046	534,604	0.29
Kweichow Moutai Co Ltd	9,777	5,768,528	3.10

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

INVESTMENT PORTFOLIO (unaudited) (continued)

As at 31 December 2018

	Holdings	Fair value RMB	% of Net Assets
Listed equities (continued)			
China (continued)			
Lens Technology Co Ltd	15,349	99,922	0.05
Lepu Medical Technology	20,800	432,848	0.23
Leyard Optoelectronic Co Ltd	29,700	228,393	0.12
Liaoning Cheng Da Co Ltd	23,757	248,498	0.13
Lomon Billions Group Co Ltd	11,900	146,370	0.08
LONGi Green Energy Technology Co Ltd	38,021	663,086	0.36
Luxshare Precision Industry Co Ltd	48,020	675,161	0.36
Luzhou Laojiao Co Ltd	14,233	578,714	0.31
Material Industry Zhongda Group Co Ltd	33,470	153,293	0.08
Meinian Onehealth Healthcare Holdings Co Ltd	36,400	544,180	0.29
Metallurgical Corporation of China Ltd	138,900	431,979	0.23
Midea Group Co Ltd	90,190	3,324,403	1.78
Minmetals Capital Co Ltd	10,200	70,992	0.04
Muyuan Foodstuff Co Ltd	12,180	350,175	0.19
NARI Technology Development Co Ltd	35,662	660,817	0.36
New China Life Insurance Co Ltd	16,232	685,640	0.37
New Hope Liuhe Co Ltd	41,000	298,480	0.16
Ningbo Xinhai Electric Co Ltd	2,700	81,810	0.04
Ningbo Zhoushan Port Co Ltd	76,900	256,846	0.14
Offshore Oil Engineering Co Ltd	43,000	210,700	0.11
O-Film Tech Co Ltd	36,972	339,773	0.18
OPPEIN Home Group Inc	2,500	199,300	0.11
Orient Securities Co Ltd	69,600	554,712	0.30
Perfect World Co Ltd	7,700	214,445	0.12
PetroChina Co Ltd	157,434	1,135,099	0.61
Ping An Bank Co Ltd	166,976	1,566,235	0.84
Ping An Insurance (Group) Co of China Ltd	210,692	11,819,821	6.34
Poly Developments and Holdings Group Co Ltd (Formerly known as "Poly Real Estate Group Co Ltd")	138,800	1,636,452	0.88
Power Construction Corporation of China	119,000	578,340	0.31
Qingdao Haier Co Ltd	71,146	985,372	0.53
Qinghai Salt Lake Potash Co Ltd	27,100	189,158	0.10
Red Star Macalline Group Corp Ltd	6,200	68,448	0.04
Risesun Real Estate Development Co Ltd	33,834	268,980	0.14
Rongsheng Petro Chemical Co Ltd	24,500	247,205	0.13
S F Holding Co Ltd	9,500	311,125	0.17
SAIC Motor Corporation Ltd	68,185	1,818,494	0.98
Sanan Optoelectronics Co Ltd	47,548	537,768	0.29
Sany Heavy Industry Co Ltd	106,132	885,141	0.48
SDIC Capital Co Ltd	16,400	147,436	0.08
SDIC Power Holdings Co Ltd	79,220	637,721	0.34
Shaanxi Coal Industry Co Ltd	77,800	578,832	0.31
Shandong Buchang Pharmaceuticals Co Ltd	8,660	218,925	0.12

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

INVESTMENT PORTFOLIO (unaudited) (continued)

As at 31 December 2018

	Holdings	Fair value RMB	% of Net Assets
Listed equities (continued)			
China (continued)			
Shandong Dong-E E-Jiao Co Ltd	8,896	351,837	0.19
Shandong Gold Mining Co Ltd	14,425	436,356	0.23
Shandong Nanshan Aluminum Co Ltd	139,400	294,134	0.16
Shanghai Construction Co Ltd	86,636	262,507	0.14
Shanghai Electric Group Co Ltd	68,600	338,884	0.18
Shanghai Fosun Pharmaceutical (Group) Co Ltd	19,572	455,440	0.24
Shanghai International Airport Co Ltd	18,728	950,633	0.51
Shanghai International Port Group Co Ltd	63,120	326,962	0.18
Shanghai Oriental Pearl Media Co Ltd	40,024	409,846	0.22
Shanghai Pharmaceutical Co Ltd	22,464	381,888	0.21
Shanghai Pudong Development Bank Co Ltd	228,337	2,237,703	1.20
Shanghai RAAS Blood Products Co Ltd	46,858	375,333	0.20
Shanghai Wangsu Science & Technology Co Ltd	28,374	222,168	0.12
Shanxi Xinghuacun Fen Wine Factory Co Ltd	5,100	178,755	0.10
Shanxi Xishan Coal & Electricity Power Co Ltd	30,600	167,994	0.09
Shenwan Hongyuan Group Co Ltd	131,468	535,075	0.29
Shenzhen Huiding Technology Co Ltd	1,800	141,660	0.08
Shenzhen Inovance Technology Co Ltd	19,398	390,676	0.21
Shenzhen Overseas Chinese Town Co Ltd	79,798	506,717	0.27
Shenzhen Salubris Pharmaceuticals Co Ltd	8,092	169,042	0.09
Shenzhen Sunway Communication Co Ltd	15,200	328,472	0.18
Siasun Robot & Automation Co Ltd	21,220	280,528	0.15
Sichuan Chuantou Energy Co Ltd	34,200	296,514	0.16
Sichuan Kelun Pharmaceutic Co Ltd	16,800	346,920	0.19
Sinolink Securities Co Ltd	47,086	337,136	0.18
Sinopec Shanghai Petrochemical Co Ltd	42,800	213,572	0.12
Songcheng Performance Development Co Ltd	14,100	301,035	0.16
Soochow Security Co Ltd	46,666	312,662	0.17
Suofeiya Home Collection Co Ltd	12,600	211,050	0.11
Southwest Securities Co Ltd	54,890	191,017	0.10
Spring Airlines Co Ltd	5,300	168,593	0.09
STO Express Co Ltd	6,000	98,700	0.05
Suning.com Co Ltd (formerly known as Suning Commerce Group Co Ltd)	72,400	713,140	0.38
Sunshine City Group Co Ltd	31,480	163,381	0.09
Suzhou Gold Mantis Constructions	30,887	250,185	0.13
Tasly Pharmaceutical Group Co Ltd	17,614	338,189	0.18
TBEA Co Ltd	72,237	490,489	0.26
TCL Corporation	210,800	516,460	0.28
Tianqi Lithium Industries Inc	13,300	389,956	0.21
Tonghua Dongbao Pharmaceutical Co Ltd	27,716	385,252	0.21
Tongling Nonferrous Metals Group Co Ltd	122,800	241,916	0.13
Tongwei Co Ltd	37,800	312,984	0.17
Tsinghua Tongfang Co Ltd	40,300	392,119	0.21
Tsinghua Unisplendour Co Ltd	4,000	125,040	0.07

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

INVESTMENT PORTFOLIO (unaudited) (continued)

As at 31 December 2018

	Holdings	Fair value RMB	% of Net Assets
Listed equities (continued)			
China (continued)			
Tus-Sound Environmental Resources Co Ltd	13,887	144,286	0.08
Walvax Biotechnology Co Ltd	23,900	456,490	0.25
WanHua Chemical Group Co Ltd	31,947	894,197	0.48
Weichai Power Co Ltd	94,148	724,940	0.39
Western Securities Co Ltd	34,052	261,179	0.14
Wintime Energy Co Ltd	120,840	161,926	0.09
Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co Ltd	12,400	117,056	0.06
Wuliangye Yibin Co Ltd	37,779	1,922,196	1.03
Wuxi Apptec Co Ltd	2,000	149,720	0.08
XCMG Construction Machinery Co Ltd	91,400	295,222	0.16
Xiamen C&D Inc	33,058	233,059	0.13
Xiamen Intretech Inc	1,800	78,984	0.04
Xiamen Tungsten Co Ltd	16,500	199,320	0.11
Xinhu Zhongbao Co Ltd	83,600	242,440	0.13
Xinjiang Dushanzi Tianli High & New Tech Co Ltd	32,600	118,338	0.06
Xinjiang Goldwind Science & Technology Co Ltd	45,260	452,147	0.24
Yanan Bicon Pharmaceutical (Formerly known as “Jiangsu Jiujiujiu Technology Co Ltd”)	5,954	125,510	0.07
Yanzhou Coal Mining Co Ltd	17,299	151,885	0.08
Yonghui Superstores Co Ltd	74,424	585,717	0.31
Yonyou Network Technology Co Ltd	18,601	396,201	0.21
Youngor Group Co Ltd	48,707	350,203	0.19
YTO Express Group Co Ltd (Formerly known as “Dalian Dayang Trands Co Ltd”)	7,200	72,000	0.04
Yunnan Baiyao Group Co Ltd	10,143	750,176	0.40
Zangge Holding Co Ltd	11,600	130,152	0.07
Zhangzhou Pientzehuang Pharmaceutical Co Ltd	5,856	507,422	0.27
Zhejiang Century Huatong Group Co Ltd	9,060	187,089	0.10
Zhejiang China Commodities City Group Co Ltd	52,900	184,621	0.10
Zhejiang CHINT Electrics Co Ltd	16,700	404,808	0.22
Zhejiang Dahua Technology Co Ltd	35,010	401,215	0.22
Zhejiang Huayou Cobalt Co Ltd	9,720	292,669	0.16
Zhejiang Longsheng Auto Parts	8,400	83,160	0.04
Zhejiang Longsheng Group Co Ltd	50,666	488,927	0.26
Zhejiang NHU Co Ltd	16,700	250,667	0.13
Zhejiang Sanhua Intelligent Controls Co Ltd	20,700	262,683	0.14
Zhejiang Supor Cookware Co Ltd	3,200	168,000	0.09
Zhejiang Wanfeng Auto Wheel Co Ltd	25,500	197,625	0.11
Zhejiang Zheneng Electric	79,360	375,373	0.20
Zhengzhou Yutong Bus Co Ltd	25,801	305,742	0.16
Zheshang Securities Co Ltd	25,900	188,034	0.10
Zhonghang Heibao Co Ltd	8,200	227,222	0.12
Zhongjin Gold Co Ltd	33,511	287,524	0.15

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

INVESTMENT PORTFOLIO (unaudited) (continued)

As at 31 December 2018

	Holdings	Fair value RMB	% of Net Assets
Listed equities (continued)			
China (continued)			
Zhongtian Financial Group Co Ltd	74,700	363,789	0.20
Zijin Mining Group Co Ltd	235,400	786,236	0.42
Zoomlion Heavy Industry Science & Technology Co Ltd	87,369	311,034	0.17
ZTE Corporation	46,271	906,449	0.49
Total investments, at fair value		<u>183,886,809</u>	<u>98.68</u>
Total investments, at cost		<u>224,574,068</u>	

HAITONG CSI300 INDEX ETF
(A SUB-FUND OF HAITONG ETF SERIES)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities					
China					
360 Security Technology Inc	-	11,200	(3,300)	-	7,900
Adama Ltd	-	4,900	-	-	4,900
AECC Aero-Engine Controls Co Ltd	22,800	5,100	(27,900)	-	-
AECC Aviation Power Co Ltd	44,959	10,200	(37,700)	-	17,459
Agricultural Bank of China Ltd	1,869,100	404,600	(1,528,700)	-	745,000
Aier Eye Hospital Group Co Ltd	29,400	8,300	(27,500)	8,299	18,499
Air China Ltd	96,200	45,200	(83,300)	-	58,100
Aisino Co Ltd	54,634	11,900	(44,800)	-	21,734
Alpha Group	24,898	5,040	(29,938)	-	-
Aluminum Corporation of China Ltd	116,100	73,500	(61,700)	-	127,900
Angang Steel Co Ltd	91,400	18,700	(74,200)	-	35,900
Anhui Conch Cement Co Ltd	96,504	20,400	(78,000)	-	38,904
Anxin Trust Co Ltd	88,100	18,700	(74,800)	10,580	42,580
Aurora Optoelectronics Co Ltd	14,400	-	(14,400)	-	-
AVIC Aircraft Co Ltd	68,600	15,300	(57,000)	-	26,900
AVIC Helicopter Co Ltd	10,300	2,900	(7,500)	-	5,700
AVIC Investment Holdings Co Ltd	219,300	47,600	(179,600)	-	87,300
AVIC Jonhon Optron Technology Co Ltd	-	7,700	-	-	7,700
Baiyin Nonferrous Group Co Ltd	38,000	9,600	(31,300)	-	16,300
Bank of Beijing Co Ltd	713,106	156,400	(581,700)	-	287,806
Bank of Chengdu Co Ltd	-	11,000	(3,300)	-	7,700
Bank of China Ltd	1,031,100	222,700	(843,900)	-	409,900
Bank of Communications Co Ltd	1,341,400	290,700	(1,097,800)	-	534,300
Bank of Guiyang Co Ltd	68,400	15,300	(56,900)	-	26,800
Bank of Hangzhou Co Ltd	21,000	34,200	(31,500)	16,200	39,900
Bank of Jiangsu Co Ltd	337,900	73,100	(276,300)	-	134,700
Bank of Nanjing Co Ltd	249,266	71,700	(205,500)	-	115,466
Bank of Ningbo Co Ltd	124,353	27,300	(101,000)	-	50,653
Bank of Shanghai Co Ltd	41,010	91,400	(69,300)	43,164	106,274
Baoshan Iron & Steel Co Ltd	431,548	93,500	(351,800)	-	173,248
BBMG Corporation Ltd	163,500	35,700	(134,300)	-	64,900
Beijing Capital Co Ltd	117,700	25,500	(143,200)	-	-
Beijing Capital Development Co Ltd	62,900	13,600	(76,500)	-	-
Beijing Dabeinong Technology Group Co Ltd	100,700	22,100	(122,800)	-	-
Beijing Enlight Media Co Ltd	41,760	8,500	(33,100)	-	17,160
Beijing New Building Materials Public Ltd	-	24,700	(8,300)	-	16,400
Beijing Orient Landscape and Environment Co Ltd	64,600	13,600	(52,100)	-	26,100

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Beijing Oriental Yuhong Waterproof Technology Co Ltd	-	17,500	-	-	17,500
Beijing Origin Water Technology Co Ltd	92,606	20,350	(76,200)	-	36,756
Beijing Sanju Environmental Protection & New Materials Co Ltd	45,150	10,200	(40,000)	7,485	22,835
Beijing Shiji Information Technology Co Ltd	15,600	3,400	(12,800)	-	6,200
Beijing Shougang Co Ltd	77,800	17,000	(63,900)	-	30,900
Beijing Tongrentang Co Ltd	25,719	5,100	(20,100)	-	10,719
Beijing Xinwei Telecom Technology Group Co Ltd	42,044	-	-	-	42,044
BOE Technology Group Co Ltd	1,158,480	251,600	(949,100)	-	460,980
Bohai Leasing Co Ltd (Formerly known as "Bohai Financial Investment Holding Co Ltd")	91,800	-	(55,700)	-	36,100
BYD Co Ltd	45,206	10,200	(37,800)	-	17,606
Caitong Securities Co Ltd	-	10,900	(3,200)	-	7,700
Central China Securities Co Ltd	39,200	8,500	(47,700)	-	-
Changchun High & New Technology Industries (Group) Inc	-	2,600	-	-	2,600
Changjiang Securities Co Ltd	188,748	40,800	(154,300)	-	75,248
Changjiang Securities Nil Paid Rights 12/03/2018	-	-	(101,200)	101,200	-
Chaozhou Three Circle Group Co Ltd	-	28,900	(8,600)	-	20,300
Chengdu Kanghong Pharmaceutical Group Co Ltd	-	2,600	-	-	2,600
China Avionics Systems Co Ltd	25,044	5,100	(19,900)	-	10,244
China CITIC Bank Corporation Ltd	149,438	32,300	(122,100)	-	59,638
China Coal Energy Co Ltd	88,300	18,700	(71,400)	-	35,600
China Communications Construction Co Ltd	75,800	32,200	(62,300)	-	45,700
China Construction Bank Corporation	328,400	89,600	(287,400)	-	130,600
China CSSC Holdings Ltd	12,148	-	(12,148)	-	-
China Dongfanghong Spacesat Co Ltd	29,701	7,200	(25,400)	-	11,501
China Eastern Airlines Corporation Ltd	190,500	40,800	(155,000)	-	76,300
China Everbright Bank Co Ltd	777,200	168,300	(635,800)	-	309,700

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
China Film Co Ltd	37,329	8,500	(31,300)	-	14,529
China Fortune Land Development Co Ltd	56,766	23,400	(45,100)	-	35,066
China Galaxy Securities Co Ltd	31,400	23,800	(30,100)	-	25,100
China Grand Automotive Services Co Ltd	109,040	32,000	(93,100)	-	47,940
China Hainan Rubber Industry Group Co Ltd	77,300	17,000	(94,300)	-	-
China High-Speed Railway Technology Co Ltd	83,800	18,700	(102,500)	-	-
China International Travel Service Corporation Ltd	47,444	10,200	(38,700)	-	18,944
China Jushi Co Ltd	-	58,060	(17,200)	-	40,860
China Life Insurance Co Ltd	80,353	17,000	(65,000)	-	32,353
China Merchants Bank Co Ltd	503,084	108,728	(411,200)	-	200,612
China Merchants Energy Shipping Co Ltd	103,000	22,100	(125,100)	-	-
China Merchants Expressway Network & Technology Holdings Co Ltd	-	15,400	(4,600)	-	10,800
China Merchants Securities Co Ltd	111,100	34,400	(89,900)	-	55,600
China Merchants Shekou Industrial Zone Co Ltd	116,412	25,500	(95,800)	-	46,112
China Minsheng Banking Co Ltd	1,156,438	249,900	(1,054,300)	130,708	482,746
China Molybdenum Co Ltd	130,733	121,100	(114,400)	-	137,433
China National Chemical Engineering Co Ltd	95,600	20,400	(77,600)	-	38,400
China National Nuclear Power Co Ltd	227,800	49,300	(186,300)	-	90,800
China Northern Rare Earth (Group) High-Tech Co Ltd	107,550	23,800	(89,000)	-	42,350
China Nuclear Engineering Group Co Ltd	38,700	8,500	(31,900)	-	15,300
China Oilfield Services Ltd	-	16,700	(5,200)	-	11,500
China Pacific Insurance Group Co Ltd	154,565	33,930	(127,400)	-	61,095
China Petroleum & Chemical Corporation	514,700	145,200	(418,300)	-	241,600
China Railway Group Ltd	273,500	83,730	(212,300)	-	144,930
China Railways Construction Corporation	225,600	49,300	(185,400)	-	89,500

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
China Reform Health Management and Services Group Co Ltd (Formerly known as "Searainbow Holding Corporation")	33,900	6,800	(26,700)	-	14,000
China Shenhua Energy Co Ltd	95,813	20,400	(77,700)	-	38,513
China Shipbuilding Industry Co Ltd	461,752	100,300	(384,100)	-	177,952
China Shipbuilding Industry Group Power Co Ltd	41,300	8,500	(32,300)	-	17,500
China Southern Airlines Co Ltd	171,800	37,400	(142,300)	-	66,900
China State Construction Engineering Corporation Ltd	734,000	158,100	(649,700)	165,840	408,240
China United Network Communications Ltd	444,223	96,900	(360,100)	-	181,023
China Vanke Co Ltd	236,716	51,000	(193,200)	-	94,516
China Yangtze Power Co Ltd	322,000	69,700	(263,300)	-	128,400
Chinese Universe Publishing & Media Co Ltd	25,800	5,100	(30,900)	-	-
Chongqing Changan Automobile Co Ltd	94,900	20,400	(77,400)	-	37,900
Chongqing Zhifei Biological Products Co Ltd	23,500	5,100	(19,300)	-	9,300
CITIC Guoan Information Industry Co Ltd	133,800	28,900	(109,300)	-	53,400
CITIC Heavy Industries Co Ltd	85,300	18,700	(104,000)	-	-
CITIC Securities Co Ltd	384,256	83,300	(314,500)	-	153,056
COSCO SHIPPING Development Co Ltd	155,600	34,000	(189,600)	-	-
COSCO SHIPPING Holdings Co Ltd	187,000	40,800	(153,600)	-	74,200
CRRC Corporation Ltd	357,770	121,200	(289,700)	-	189,270
CSC Financial Co Ltd	-	8,700	-	-	8,700
CSSC Offshore and Marine Engineering (Group) Co Ltd	5,800	-	(5,800)	-	-
Daqin Railway Co Ltd	290,348	62,900	(237,600)	-	115,648
Datang International Power Generation Co Ltd	147,300	32,300	(131,400)	-	48,200
DHC Software Co Ltd	92,704	20,400	(76,700)	-	36,404
Dongxing Securities Co Ltd	54,200	18,200	(45,600)	-	26,800
Dongxu Optoelectronic Technology Co Ltd	197,524	40,800	(163,700)	-	74,624
Dr Peng Telecom & Media Group Co Ltd	70,200	15,300	(85,500)	-	-

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
East Money Information Co Ltd	147,392	32,300	(126,700)	17,318	70,310
Everbright Securities Co Ltd	95,000	20,400	(77,400)	-	38,000
Fangda Carbon New Material Co Ltd	-	29,700	(8,800)	-	20,900
Fiberhome Telecommunication Technologies Co Ltd	26,000	7,200	(19,600)	-	13,600
Finance Street Holding Co Ltd	57,200	11,900	(45,800)	-	23,300
First Capital Securities Company Ltd	102,400	22,100	(83,600)	-	40,900
Focus Media Information Technology Co Ltd	240,280	75,800	(207,200)	33,816	142,696
Foshan Haitian Flavouring & Food Co Ltd	-	22,400	(6,600)	-	15,800
Founder Securities Co Ltd	201,900	44,200	(166,100)	-	80,000
Foxconn Industrial Internet Co Ltd	-	23,000	-	-	23,000
Future Land Holdings Co Ltd	45,100	10,200	(37,700)	-	17,600
Fuyao Glass Industry Group Co Ltd	69,188	15,220	(57,100)	-	27,308
GD Power Development Co Ltd	577,200	124,100	(472,000)	-	229,300
Gemdale Corporation	110,100	23,800	(90,000)	-	43,900
Gezhouba Group Co Ltd	134,400	28,900	(109,600)	-	53,700
GF Securities Co Ltd	143,413	30,600	(116,500)	-	57,513
Giant Network Group Co Ltd	30,220	7,000	(25,400)	-	11,820
Gigadevice Semiconductor Beijing Inc	-	2,800	-	-	2,800
GoerTek Inc	94,800	20,400	(77,300)	-	37,900
Great Wall Motor Co Ltd	60,100	13,600	(50,300)	-	23,400
Gree Electric Appliances Inc of Zhuhai	235,114	51,000	(192,500)	-	93,614
Greenland Holdings Corporation Ltd	178,930	39,100	(147,000)	-	71,030
Guangdong Haid Group Co Ltd	-	15,400	-	-	15,400
Guangshen Railway Co Ltd	165,299	35,700	(135,000)	-	65,999
Guangzhou Automobile Group Co Ltd	-	18,200	(5,200)	5,040	18,040
Guangzhou Baiyun International Airport Co Ltd	-	20,100	-	-	20,100
Guangzhou Baiyunshan Pharmaceutical Holdings Co Ltd	9,977	25,200	(24,200)	-	10,977
Guangzhou Haige Communication Group	78,706	17,000	(95,706)	-	-

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Guangzhou Port Co Ltd	37,300	38,600	(39,800)	-	36,100
Guangzhou Shiyuan Electronic Technology Co Ltd	1,300	-	(2,080)	780	-
Guizhou Bailing Group Pharmaceutical Co Ltd	21,630	5,100	(26,730)	-	-
Guosen Securities Co Ltd	119,300	25,500	(97,000)	-	47,800
Guotai Junan Securities Co Ltd	182,500	52,800	(147,600)	-	87,700
Guoxuan High-Tech Co Ltd	32,700	6,800	(39,500)	-	-
Guoyuan Securities Co Ltd	99,701	22,100	(82,500)	-	39,301
Hainan Airlines Holding Co Ltd	562,700	-	(338,900)	-	223,800
Haitong Securities Co Ltd	396,747	85,000	(324,400)	-	157,347
Hangzhou Hikvision Digital Technology Co Ltd	180,314	39,100	(147,600)	-	71,814
Hangzhou Robam Appliances Co Ltd	23,300	5,100	(19,200)	-	9,200
Hans Laser Nil Paid Rights 31/12/2049	-	-	(78,300)	78,300	-
Han's Laser Technology Industry Group Co Ltd	40,841	8,500	(32,700)	-	16,641
Hebei Yangyuan Zhihui Beverage Co Ltd	-	1,200	-	-	1,200
Heilan Home Co Ltd	-	49,700	(14,700)	-	35,000
Heilan Home Co Ltd Nil Paid Rights 13/07/2018	-	-	(33,000)	33,000	-
Henan Shuanghui Investment & Development Co Ltd	47,958	10,200	(38,900)	-	19,258
Hengli Petrochemical Co Ltd	-	21,200	(6,500)	-	14,700
Hengtong Optic-Electric Co Ltd	-	26,227	(10,800)	10,491	25,918
Hengyi Petrochemical Co Ltd	-	22,400	-	-	22,400
Hesteel Company Ltd	208,800	44,200	(170,400)	-	82,600
Hithink Flush Information Network Co Ltd	9,600	1,700	(7,100)	-	4,200
Hoshine Silicon Industry Co Ltd	-	2,000	(600)	-	1,400
Hua Xia Bank Co Ltd	313,276	68,000	(256,600)	-	124,676
Huaan Securities Co Ltd	53,700	30,600	(49,100)	-	35,200
Huadian Power International Corp Ltd	-	63,400	-	-	63,400
Huadong Medicine Co Ltd	23,694	5,100	(21,300)	6,697	14,191
Hualan Biological Engineering Inc	26,060	5,100	(20,300)	-	10,860

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Huaneng Lancang River Hydropower Co Ltd	-	49,800	(14,800)	-	35,000
Huaneng Power International Inc	204,700	46,200	(165,300)	-	85,600
Huatai Securities Co Ltd	158,581	34,000	(129,100)	-	63,481
Huayi Brothers Media Corporation	80,374	17,000	(97,374)	-	-
HUAYU Automotive Systems Co Ltd	77,438	17,000	(63,800)	-	30,638
Hubei Biocause Pharmaceutical Co Ltd	71,800	15,300	(58,300)	-	28,800
Hubei Hongcheng General Machinery Co Ltd	-	6,300	-	-	6,300
Hundsun Electronic Co Ltd	23,950	5,100	(19,400)	-	9,650
iFLYTEK Co Ltd	47,376	10,200	(43,200)	14,088	28,464
Industrial and Commercial Bank of China Ltd	1,055,000	227,800	(863,300)	-	419,500
Industrial Bank Co Ltd	609,612	132,600	(499,800)	-	242,412
Industrial Securities Co Ltd	226,860	49,300	(185,000)	-	91,160
Inner Mongolia Junzheng Energy & Chemical Industry Co Ltd	110,116	-	(44,500)	-	65,616
Inner Mongolia Yili Industrial Group Co Ltd	297,240	64,600	(243,600)	-	118,240
Inner Mongolian BaoTou Steel Union Co Ltd	667,320	227,800	(540,500)	-	354,620
Jiangsu Broadcasting Cable Information Network Corporation Ltd	76,720	-	(76,720)	-	-
Jiangsu Hengrui Medicine Co Ltd	83,653	18,700	(73,900)	14,536	42,989
Jiangsu Protruly Vision Technology Group Co Ltd	17,200	-	(17,200)	-	-
Jiangsu Yanghe Brewery Joint- Stock Co Ltd	29,937	7,100	(25,300)	-	11,737
Jiangsu Zhangjiagang Rural Commercial Bank Co Ltd	9,100	1,700	(10,800)	-	-
Jiangsu Zhongnan Construction Group Co Ltd	91,700	20,400	(76,000)	-	36,100
Jiangsu Zhongtian Technologies Co Ltd	103,900	27,600	(83,800)	-	47,700
Jiangxi Copper Co Ltd	49,490	10,200	(39,500)	-	20,190
Jiangxi Ganfeng Lithium Co Ltd	24,500	5,200	(22,000)	7,450	15,150
Jihua Group Corporation Ltd	63,800	24,000	(87,800)	-	-
Jilin Aodong Medicine Industry Groups Co Ltd	45,935	10,200	(56,135)	-	-
Jilin Aodong Nil Paid Rights 13/03/2018	-	-	(55,500)	55,500	-

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Jinduicheng Molybdenum Co Ltd	47,167	10,200	(57,367)	-	-
Jointown Pharmaceutical Group Co Ltd	-	11,000	-	-	11,000
Kangde Xin Composite Material Group Co Ltd	102,907	22,100	(83,700)	-	41,307
Kangmei Pharmaceutical Co Ltd	146,246	30,600	(118,800)	-	58,046
Kweichow Moutai Co Ltd	24,277	5,100	(19,600)	-	9,777
Lens Technology Co Ltd	-	14,600	(6,500)	7,249	15,349
Lepu Medical Technology	53,100	11,900	(44,200)	-	20,800
Leshi Internet Information & Technology (Beijing) Co Ltd	46,200	-	(46,200)	-	-
Leyard Optoelectronic Co Ltd	-	29,700	-	-	29,700
Liaoning Cheng Da Co Ltd	60,757	13,600	(50,600)	-	23,757
Linglong Tyre Nil Paid Rights 30/03/2018	-	-	(23,000)	23,000	-
Lomon Billions Group Co Ltd	30,300	7,000	(25,400)	-	11,900
LONGi Green Energy Technology Co Ltd	68,901	15,300	(62,300)	16,120	38,021
Luxshare Precision Industry Co Ltd	77,831	23,800	(69,400)	15,789	48,020
Luzhou Laojiao Co Ltd	36,933	8,500	(31,200)	-	14,233
Material Industry Zhongda Group Co Ltd	84,870	18,700	(70,100)	-	33,470
Meinian Onehealth Healthcare Holdings Co Ltd	49,600	18,500	(38,600)	6,900	36,400
Metallurgical Corporation of China Ltd	260,600	88,600	(210,300)	-	138,900
Midea Group Co Ltd	221,090	47,600	(178,500)	-	90,190
Minmetals Capital Co Ltd	16,200	8,100	(14,100)	-	10,200
Muyuan Foodstuff Co Ltd	16,500	3,500	(15,500)	7,680	12,180
Nanshan Aluminium Nil Paid Rights 30/10/2018	-	-	(33,120)	33,120	-
NARI Technology Development Co Ltd	81,367	18,295	(64,000)	-	35,662
New China Life Insurance Co Ltd	40,232	8,500	(32,500)	-	16,232
New Hope Liuhe Co Ltd	102,600	22,100	(83,700)	-	41,000

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Ningbo Xinhai Electric Co Ltd	-	2,700	-	-	2,700
Ningbo Zhoushan Port Co Ltd	194,000	42,500	(159,600)	-	76,900
Ninjing Xinjiekou Department Store Co Ltd	21,500	5,100	(26,600)	-	-
Northeast Securities Co Ltd	69,212	15,300	(84,512)	-	-
Offshore Oil Engineering Co Ltd	108,600	23,800	(89,400)	-	43,000
O-Film Tech Co Ltd	93,272	20,400	(76,700)	-	36,972
OPPEIN Home Group Inc	1,400	2,400	(1,300)	-	2,500
Orient Securities Co Ltd	151,000	41,100	(122,500)	-	69,600
Ourpalm Co Ltd	108,400	23,800	(132,200)	-	-
Pacific Security Co Ltd	334,300	71,400	(405,700)	-	-
Perfect World Co Ltd	18,100	3,400	(13,800)	-	7,700
PetroChina Co Ltd	315,434	97,100	(255,100)	-	157,434
Ping An Bank Co Ltd	420,576	91,800	(345,400)	-	166,976
Ping An Insurance (Group) Co of China Ltd	530,392	115,600	(435,300)	-	210,692
Poly Developments and Holdings Group Co Ltd (Formerly known as "Poly Real Estate Group Co Ltd")	346,600	74,800	(282,600)	-	138,800
Power Construction Corporation of China	225,200	77,800	(184,000)	-	119,000
Qingdao Haier Co Ltd	148,946	45,300	(123,100)	-	71,146
Qingdao Haier Co Ltd Nil Paid Rights 18/12/2018	-	-	(35,000)	35,000	-
Qinghai Salt Lake Potash Co Ltd	67,400	15,300	(55,600)	-	27,100
Red Star Macalline Group Corp Ltd	-	8,800	(2,600)	-	6,200
Risesun Real Estate Development Co Ltd	85,334	18,700	(70,200)	-	33,834
Rongsheng Petro Chemical Co Ltd	-	47,500	(23,000)	-	24,500
S F Holding Co Ltd	9,800	7,200	(7,500)	-	9,500
SAIC Motor Corporation Ltd	171,585	37,400	(140,800)	-	68,185
Sanan Optoelectronics Co Ltd	118,848	25,500	(96,800)	-	47,548
Sanity Marine Corp Ltd	31,600	6,800	(38,400)	-	-
Sany Heavy Industry Co Ltd	225,332	64,000	(183,200)	-	106,132
SDIC Capital Co Ltd	40,600	8,500	(32,700)	-	16,400
SDIC Power Holdings Co Ltd	197,920	42,500	(161,200)	-	79,220
Sealand Securities Co Ltd	143,110	30,600	(173,710)	-	-
Shaanxi Coal Industry Co Ltd	195,600	42,500	(160,300)	-	77,800
Shandong Buchang Pharmaceuticals Co Ltd	2,400	7,300	(3,800)	2,760	8,660
Shandong Dong-E E-Jiao Co Ltd	24,896	5,200	(21,200)	-	8,896
Shandong Gold Mining Co Ltd	37,225	8,500	(31,300)	-	14,425

HAITONG CSI300 INDEX ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Shandong Kingenta Ecological Engineering Co Ltd	27,700	40,700	(68,400)	-	-
Shandong Linglong Tyre Co Ltd	23,500	5,020	(28,520)	-	-
Shandong Nanshan Aluminum Co Ltd	272,200	88,500	(221,300)	-	139,400
Shanghai Bailian Group Co Ltd	39,200	8,500	(47,700)	-	-
Shanghai Construction Co Ltd	218,136	47,600	(179,100)	-	86,636
Shanghai Electric Group Co Ltd	172,300	37,400	(141,100)	-	68,600
Shanghai Electric Power Co Ltd	43,500	10,200	(53,700)	-	-
Shanghai Fosun Pharmaceutical (Group) Co Ltd	48,372	10,200	(39,000)	-	19,572
Shanghai International Airport Co Ltd	47,028	10,200	(38,500)	-	18,728
Shanghai International Port Group Co Ltd	147,720	35,500	(120,100)	-	63,120
Shanghai Lujiazui Finance & Trade Zone Development Co Ltd	36,956	8,500	(45,456)	-	-
Shanghai Oriental Pearl Media Co Ltd	63,880	19,200	(54,000)	10,944	40,024
Shanghai Pharmaceutical Co Ltd	55,864	11,900	(45,300)	-	22,464
Shanghai Pudong Development Bank Co Ltd	573,037	124,100	(468,800)	-	228,337
Shanghai RAAS Blood Products Co Ltd	72,058	15,300	(40,500)	-	46,858
Shanghai SMI Holding Co Ltd	62,110	13,600	(75,710)	-	-
Shanghai Tunnel Engineering Co Ltd	92,800	20,400	(113,200)	-	-
Shanghai Wangsu Science & Technology Co Ltd	70,574	15,300	(57,500)	-	28,374
Shanghai Zhangjiang Hi-Tech Park Development Co Ltd	38,300	8,500	(46,800)	-	-
Shanxi Meijin Energy Co Ltd	61,000	13,600	(74,600)	-	-
Shanxi Securities Co Ltd	84,000	18,700	(102,700)	-	-
Shanxi Xinghuacun Fen Wine Factory Co Ltd	-	7,700	(2,600)	-	5,100
Shanxi Xishan Coal & Electricity Power Co Ltd	77,400	17,000	(63,800)	-	30,600
Shenwan Hongyuan Group Co Ltd	295,168	104,500	(268,200)	-	131,468
Shenzhen Huiding Technology Co Ltd	1,500	1,600	(1,300)	-	1,800
Shenzhen Inovance Technology Co Ltd	48,198	10,200	(39,000)	-	19,398
Shenzhen Overseas Chinese Town Co Ltd	159,098	49,100	(128,400)	-	79,798

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Shenzhen Salubris Pharmaceuticals Co Ltd	21,492	5,500	(18,900)	-	8,092
Shenzhen Sunway Communication Co Ltd	38,700	8,500	(32,000)	-	15,200
Shenzhen YUTO Packaging Technology Co Ltd	1,400	-	(1,400)	-	-
Shenzhen Zhongjin Lingnan Nonfemet Co Ltd	80,390	17,000	(121,585)	24,195	-
Siasun Robot & Automation Co Ltd	53,820	12,000	(44,600)	-	21,220
Sichuan Chuantou Energy Co Ltd	108,200	23,800	(97,800)	-	34,200
Sichuan Kelun Pharmaceutic Co Ltd	-	16,800	-	-	16,800
Sinolink Securities Co Ltd	102,886	27,600	(83,400)	-	47,086
Sinopec Oilfield Service Corporation	87,600	20,400	(108,000)	-	-
Sinopec Shanghai Petrochemical Co Ltd	71,200	29,300	(57,700)	-	42,800
Songcheng Performance Development Co Ltd	36,700	8,500	(31,100)	-	14,100
Soochow Security Co Ltd	117,366	25,500	(96,200)	-	46,666
Suofeiya Home Collection Co Ltd	25,900	6,700	(20,000)	-	12,600
Southwest Securities Co Ltd	138,890	30,600	(114,600)	-	54,890
Spring Airlines Co Ltd	10,400	2,800	(7,900)	-	5,300
STO Express Co Ltd	15,200	3,500	(12,700)	-	6,000
Suning.com Co Ltd (formerly known as Suning Commerce Group Co Ltd)	181,400	39,100	(148,100)	-	72,400
Sunshine City Group Co Ltd	78,900	16,980	(64,400)	-	31,480
Suzhou Gold Mantis Constructions	77,787	17,000	(63,900)	-	30,887
Suzhou Victory Precision Manufacture Co Ltd	100,800	22,100	(122,900)	-	-
Tasly Pharmaceutical Group Co Ltd	31,524	6,800	(28,200)	7,490	17,614
TBEA Co Ltd	181,137	39,100	(148,000)	-	72,237
TCL Corporation	411,700	137,800	(338,700)	-	210,800
Tianjin Zhonghuan Semiconductor Co Ltd	41,160	-	(41,160)	-	-
Tianqi Lithium Industries Inc	33,200	6,800	(26,700)	-	13,300
Tonghua Dongbao Pharmaceutical Co Ltd	-	39,616	(11,900)	-	27,716
Tongling Nonferrous Metals Group Co Ltd	307,500	66,300	(251,000)	-	122,800
Tongwei Co Ltd	-	53,700	(15,900)	-	37,800
Triangle Tyre Co Ltd	10,400	1,700	(12,100)	-	-

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Tsinghua Tongfang Co Ltd	86,600	24,100	(70,400)	-	40,300
Tsinghua Unisplendour Co Ltd	7,400	1,700	(6,700)	1,600	4,000
Tus-Sound Environmental Resources Co Ltd	24,519	5,100	(21,700)	5,968	13,887
Walvax Biotechnology Co Ltd	-	23,900	-	-	23,900
Wanda Film Holding Co Ltd	8,300	-	(12,450)	4,150	-
WanHua Chemical Group Co Ltd	46,647	-	(14,700)	-	31,947
Wanxiang Qianchao Co Ltd	68,352	15,300	(83,652)	-	-
Weichai Power Co Ltd	236,048	51,000	(192,900)	-	94,148
Western Securities Co Ltd	85,752	18,700	(70,400)	-	34,052
Wintime Energy Co Ltd	84,540	94,800	(58,500)	-	120,840
Wuhu Shunrong Sanqi Interactive Entertainment Network Technology Co Ltd	15,700	17,900	(21,200)	-	12,400
Wuliangye Yibin Co Ltd	93,179	20,400	(75,800)	-	37,779
Wuxi Apptec Co Ltd	-	2,000	-	-	2,000
XCMG Construction Machinery Co Ltd	204,800	55,800	(169,200)	-	91,400
Xiamen C&D Inc	69,658	20,900	(57,500)	-	33,058
Xiamen Intretech Inc	-	3,100	(1,300)	-	1,800
Xiamen Tungsten Co Ltd	22,000	10,700	(21,600)	5,400	16,500
Xinhu Zhongbao Co Ltd	210,500	45,900	(172,800)	-	83,600
Xinjiang Dushanzi Tianli High & New Tech Co Ltd	-	46,300	(13,700)	-	32,600
Xinjiang Goldwind Science & Technology Co Ltd	100,160	26,700	(81,600)	-	45,260
Yanan Bicon Pharmaceutical (Formerly known as "Jiangsu Jiujiu Technology Co Ltd")	15,200	3,354	(12,600)	-	5,954
Yanzhou Coal Mining Co Ltd	17,799	16,500	(17,000)	-	17,299
Yonghui Superstores Co Ltd	192,524	40,800	(158,900)	-	74,424
Yonyou Network Technology Co Ltd	36,924	8,600	(33,200)	6,277	18,601
Youngor Group Co Ltd	123,407	27,200	(101,900)	-	48,707
Youzu Interactive Co Ltd	21,900	5,079	(26,979)	-	-
YTO Express Group Co Ltd (Formerly known as "Dalian Dayang Trands Co Ltd")	16,300	3,800	(12,900)	-	7,200
YTO Express CB Nil Paid Rights 20/11/2018	-	-	(9,000)	9,000	-
Yunnan Baiyao Group Co Ltd	24,843	5,100	(19,800)	-	10,143
Zangge Holding Co Ltd	-	11,600	-	-	11,600
Zhangzhou Pientzhuang Pharmaceutical Co Ltd	15,056	3,500	(12,700)	-	5,856

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (unaudited) (continued)

31 December 2018

	At 1 January 2018	Additions	Disposals	Corporate actions	At 31 December 2018
Listed equities (continued)					
China (continued)					
Zhejiang Century Huatong Group Co Ltd	15,300	12,000	(23,100)	4,860	9,060
Zhejiang China Commodities City Group Co Ltd	133,000	28,900	(109,000)	-	52,900
Zhejiang CHINT Electrics Co Ltd	21,800	16,700	(21,800)	-	16,700
Zhejiang Dahua Technology Co Ltd	85,410	18,700	(69,100)	-	35,010
Zhejiang Huayou Cobalt Co Ltd	14,900	4,700	(13,800)	3,920	9,720
Zhejiang Longsheng Auto Parts	-	12,300	(3,900)	-	8,400
Zhejiang Longsheng Group Co Ltd	110,766	29,800	(89,900)	-	50,666
Zhejiang NHU Co Ltd	-	16,700	-	-	16,700
Zhejiang Sanhua Intelligent Controls Co Ltd	-	27,200	(6,500)	-	20,700
Zhejiang Supor Cookware Co Ltd	-	3,200	-	-	3,200
Zhejiang Wanfeng Auto Wheel Co Ltd	-	36,300	(10,800)	-	25,500
Zhejiang Zheneng Electric	198,160	42,500	(161,300)	-	79,360
Zhengzhou Yutong Bus Co Ltd	64,201	13,600	(52,000)	-	25,801
Zheshang Securities Co Ltd	17,200	21,800	(13,100)	-	25,900
Zhonghang Heibao Co Ltd	-	8,200	-	-	8,200
Zhongjin Gold Co Ltd	84,911	18,700	(70,100)	-	33,511
Zhongtian Financial Group Co Ltd	49,800	-	-	24,900	74,700
Zijin Mining Group Co Ltd	507,700	139,800	(412,100)	-	235,400
Zoomlion Heavy Industry Science & Technology Co Ltd	212,669	45,900	(171,200)	-	87,369
ZTE Corporation	116,671	25,500	(95,900)	-	46,271

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PERFORMANCE TABLE (unaudited)

31 December 2018

1. Net Asset Value

	Net asset value per unit RMB	Total net asset value RMB
31 December 2018	10.9615	186,346,314
31 December 2017	14.6788	579,810,781
31 December 2016	12.1415	230,688,150

2. Highest issue and lowest redemption prices per unit

	Highest issue unit price RMB	Lowest redemption unit price RMB
Year ended 31 December 2018	15.9729	10.8942
Year ended 31 December 2017	15.4204	12.2070
Year ended 31 December 2016	13.1305	10.5903
Year ended 31 December 2015	19.7223	11.1933
Period from 5 March 2014 (date of inception) to 31 December 2014	12.9350	7.6607

3. Comparison of the scheme performance and the actual Index performance

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

	CSI300 Index	RMB Counter of the Sub-Fund	HKD Counter of the Sub-Fund
During the year/period ended			
31 December 2018	-25.31%	-25.35%	-29.17%
31 December 2017	21.78%	20.55%	30.04%
31 December 2016	-11.28%	-11.84%	-16.64%
31 December 2015	5.58%	6.87%	0.73%
31 December 2014 ¹	62.97%	62.46%	59.32%

¹Year of inception