



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

BOSERA FTSE CHINA A50 INDEX ETF

RMB counter stock code: **82832**

HKD counter stock code: **02832**

ANNUAL REPORT

For the year ended 31 December 2018

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

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

ANNUAL REPORT

For the year ended 31 December 2018

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

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

MANAGEMENT AND ADMINISTRATION

Manager and RQFII Holder

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

Investment Adviser

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

Trustee and Registrar

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

Custodian

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

PRC Custodian

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

Service Agent

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

Legal Counsel to the Manager

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

Listing Agent

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

Auditor

PricewaterhouseCoopers
22nd Floor
Prince's Building
Central
Hong Kong

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

MANAGEMENT AND ADMINISTRATION (CONTINUED)

Participating Dealers

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

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

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

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

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

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

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

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

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

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

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

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

MANAGEMENT AND ADMINISTRATION (CONTINUED)

RMB Counter Market Maker

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

HKD Counter Market Maker

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

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

REPORT OF THE MANAGER TO THE UNITHOLDERS

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

For the year ended 31 December 2018, the ETF had employed full replication strategy. More than 95% of its Net Asset Value (“NAV”) had been invested in physical A-shares within the constituents of the Index. As of 31 December 2018, the ETF’s number of units outstanding was 1,500,000 with NAV amounted to RMB 8,096,887.

During the period from 1 January 2018 to 31 December 2018, the Index decreased by 21.28%, while NAV per unit of the ETF decreased by 20.69%.

Bosera Asset Management (International) Co., Limited
30 April 2019

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

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of the Bosera FTSE China A50 Index ETF (the “Sub-Fund”), a sub-fund of Bosera ETFs, has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 30 September 2013 for the year ended 31 December 2018.

HSBC Institutional Trust Services (Asia) Limited
30 April 2019

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

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

MANAGER'S RESPONSIBILITIES

The Manager of the Boser FTSE China A50 Index ETF (the "Sub-Fund"), a sub-fund of Boser ETFs, is required by the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong and the Trust Deed dated 30 September 2013 (the "Trust Deed") to prepare financial statements for each annual accounting year which give a true and fair view of the financial position of the Sub-Fund at the end of that year and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

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

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

Bosera ETFs (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31 December 2018, the Trust has established one Sub-Fund, namely, the Boser FTSE China A50 Index ETF.

TRUSTEE'S RESPONSIBILITIES

The Trustee of the Sub-Fund is required to:

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

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

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of Bosera FTSE China A50 Index ETF (the "Sub-Fund") set out on pages 11 to 32, which comprise:

- the statement of financial position as at 31 December 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2018, and of its financial transactions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

- Existence and valuation of investments

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

Key Audit Matters (Continued)

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|--|--|
| <p><i>Existence and valuation of investments</i></p> <p>The Sub-Fund's investments as at 31 December 2018 comprised listed equities valued at RMB7,755,898. These investments held by the Sub-Fund included listed equities of RMB222,267 which have been suspended for trading as at 31 December 2018.</p> <p>We focused on the existence and valuation of the investments because the investments represented the principal element of the Sub-Fund's net asset value. In addition, we also focused on the valuation of listed equities which have been suspended for trading as at 31 December 2018 because the judgement made by the Manager in determining their fair values involved a higher degree of subjectivity.</p> <p>Refer to note 7 to the financial statements</p> | <p>We tested the existence of investments by obtaining a direct confirmation from the custodian and agreeing the Sub-Fund's holdings of investments to the confirmation. No material exceptions were identified from our testing.</p> <p>We agreed the valuation of the Sub-Fund's investments by comparing the pricing used by the Sub-Fund to external pricing sources as at 31 December 2018. We found no material exceptions from our testing.</p> <p>In addition, for investments which have been suspended for trading as at year end, we assessed the appropriateness of the valuation methodology adopted by the Manager. We also assessed the judgements made in determining the valuation of these investments by considering factors which may impact their fair values, including the duration of suspension period, the relevant market information and news of the suspended listed equities and the market price of the suspended listed equities upon resumption of trading after year end.</p> <p>Based on the procedures we performed, we found the judgements made in determining the valuation of the investments to be supportable by available evidence.</p> |

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Responsibilities of Management for the Financial Statements

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

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

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 30 September 2013 ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and Appendix E of the SFC Code.

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

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

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

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

We communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 April 2019

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

**STATEMENT OF FINANCIAL POSITION
As at 31 December 2018**

| | Note | 2018 RMB | 2017 RMB |
|---|--------------|------------------|-------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Deposit reserve | | 56,000 | 140,000 |
| CURRENT ASSETS | | | |
| Financial assets at fair value through profit or loss | 7(a) | 7,755,898 | 19,647,703 |
| Interest receivable | | - | 2 |
| Rebates receivable | 6(f) | 468,035 | 817,722 |
| Cash and cash equivalents | 6(c) | 144,224 | 138,881 |
| Total Assets | | <u>8,424,157</u> | <u>20,744,308</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Other accounts payable | 6(a),(b),(e) | 327,270 | 326,061 |
| Liabilities | | <u>327,270</u> | <u>326,061</u> |
| EQUITY | | | |
| Net assets attributable to unitholders | | <u>8,096,887</u> | <u>20,418,247</u> |

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

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

The notes on pages 15 to 32 are an integral part of these financial statements.

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

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2018

| | Note | 2018 RMB | 2017 RMB |
|---|------|---------------------------|-------------------------|
| INCOME | | | |
| Dividend income | | 266,137 | 454,785 |
| Interest on bank deposits | 6(c) | 2,914 | 2,689 |
| Rebates | 6(f) | 468,035 | 817,722 |
| Net (losses)/gains on financial assets at fair value through profit or loss | 4 | (2,762,839) | 4,797,465 |
| Net foreign currency (losses)/gains | | (5,788) | 17,443 |
| Total net (loss)/income | | <u>(2,031,541)</u> | <u>6,090,104</u> |
| EXPENSES | | | |
| Trustee fee | 6(b) | (480,000) | (480,000) |
| Transaction costs on investments | 6(e) | (36,728) | (53,016) |
| Accounting and professional fees | 6(e) | (52,929) | (54,016) |
| Audit fee | | (248,922) | (254,161) |
| Bank charges | 6(c) | (500) | (156) |
| Legal and professional fees | | - | (23,090) |
| Other expenses | 6(e) | (21,825) | (59,490) |
| Total operating expenses | | <u>(840,904)</u> | <u>(923,929)</u> |
| Operating (loss)/profit | | <u>(2,872,445)</u> | <u>5,166,175</u> |
| Taxation | | | |
| Withholding tax on dividend and interest income | 5 | (26,965) | (46,948) |
| Total comprehensive (loss)/income | | <u><u>(2,899,410)</u></u> | <u><u>5,119,227</u></u> |

The notes on pages 15 to 32 are an integral part of these financial statements.

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

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
For the year ended 31 December 2018

| | Note | 2018 RMB | 2017 RMB |
|--|------|-------------|-------------|
| Net assets attributable to unitholders at the beginning of the year | | 20,418,247 | 15,299,020 |
| Redemption of units | 3 | (9,421,950) | - |
| Net decrease from unit transactions | | (9,421,950) | - |
| Total comprehensive (loss)/income | | (2,899,410) | 5,119,227 |
| Net assets attributable to unitholders at the end of the year | | 8,096,887 | 20,418,247 |

The notes on pages 15 to 32 are an integral part of these financial statements.

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

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

| | 2018 | 2017 |
|--|--------------------|----------------|
| | RMB | RMB |
| Cash flows from operating activities | | |
| (Loss)/income before taxation | (2,872,445) | 5,166,175 |
| Adjustment for: | | |
| Dividend income | (266,137) | (454,785) |
| Interest on bank deposits | (2,914) | (2,689) |
| Operating (loss)/profit before working capital changes | (3,141,496) | 4,708,701 |
| Net decrease in deposit reserve | 84,000 | - |
| Net decrease/(increase) in financial assets at fair value through profit or loss | 11,891,805 | (5,160,043) |
| Net decrease in rebates receivable | 349,687 | 116,150 |
| Net increase/(decrease) in other accounts payable | 1,209 | (13,229) |
| Cash generated from/(used in) operations | 9,185,205 | (348,421) |
| Dividend received | 266,137 | 454,785 |
| Interest received | 2,916 | 2,687 |
| Withholding tax paid on dividend and interest income | (26,965) | (46,948) |
| Net cash generated from operating activities | 9,427,293 | 62,103 |
| Cash flows from financing activities | | |
| Payments on redemption of units | (9,421,950) | - |
| Net cash used in financing activities | (9,421,950) | - |
| Net increase in cash and cash equivalents | 5,343 | 62,103 |
| Cash and cash equivalents at the beginning of the year | 138,881 | 76,778 |
| Cash and cash equivalents at the end of the year | 144,224 | 138,881 |
| Analysis of balances of cash and cash equivalents | | |
| Bank balances | 144,224 | 138,881 |

The notes on pages 15 to 32 are an integral part of these financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018**

1. GENERAL INFORMATION

Bosera ETFs (the "Trust") is an umbrella unit trust governed by its trust deed dated 30 September 2013 (the "Trust Deed") and authorised by the Securities and Futures Commission of Hong Kong (the "SFC") pursuant to Section 104(1) of the Securities and Futures Ordinance. The terms of the Trust Deed are governed by the laws of Hong Kong. On 30 September 2013, the Trust has established one sub-fund namely Bosera FTSE China A50 Index ETF (the "Sub-Fund"). The Sub-Fund is listed on the Stock Exchange of Hong Kong Limited. The date of inception of the Sub-Fund was 30 September 2013.

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

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

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

These financial statements which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, are prepared for the Sub-Fund only as the reporting entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Standards and amendments to existing standards effective 1 January 2018

IFRS 9 “Financial Instruments” became effective for annual periods beginning on or after 1 January 2018. It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39.

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

IFRS 9 has been applied retrospectively by the Sub-Fund and did not result in a change to the classification or measurement of financial instruments as outlined in note 2(b). The Sub-Fund’s investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. There was no material impact on adoption from the application of the new impairment model.

There are no other standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2018 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2018 and have not been early adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

(b) Financial assets and financial liabilities at fair value through profit or loss

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund’s business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets’ performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. All investments are measured at fair value through profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial assets and financial liabilities at fair value through profit or loss (Continued)

(i) Classification (Continued)

The Sub-Fund's policy requires the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

(ii) Investments in financial assets previously designated at fair value through profit or loss

The Sub-Fund holds equity securities of RMB7,755,898 (2017: RMB19,647,703) which had previously been designated at fair value through profit or loss. On adoption of IFRS 9 these securities are mandatorily classified as fair value through profit or loss.

(iii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date – the date on which the Sub-Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or the Sub-Fund has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the “financial assets or financial liabilities at fair value through profit or loss” category are presented in the statement of comprehensive income within net gains/(losses) on financial assets at fair value through profit or loss in the period in which they arise.

(iv) Fair value estimation

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

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

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

(v) Transfers between levels of the fair value hierarchy

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

(c) Amounts due from/to participating dealers

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

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NOTES TO THE FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Amounts due from/to brokers

Amounts due from/to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The due from brokers balance is held for collection.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from broker at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

(e) Dividend income, interest income and rebates

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

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

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

(f) Other receivables and payables

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

(g) Transaction costs

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

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NOTES TO THE FINANCIAL STATEMENTS
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Expenses

Expenses are accounted for on an accrual basis.

(i) Cash and cash equivalents

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

(j) Distributions to unitholders

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

(k) Foreign currencies translation

Functional and presentation currency

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

Transactions and balances

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

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

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

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

(l) Redeemable units

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

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

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

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Taxation

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

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

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

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

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

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

The movements of the redeemable units for the years ended 31 December 2018 and 2017 are as follows:

| | 2018 | 2017 |
|--|------------------|------------------|
| | Units | Units |
| Number of units in issue at the beginning of the year | 3,000,000 | 3,000,000 |
| Units redeemed | (1,500,000) | - |
| Number of units in issue at the end of the year | <u>1,500,000</u> | <u>3,000,000</u> |
| | 2018 | 2017 |
| | RMB | RMB |
| Net assets attributable to unitholders per unit at 31 December | <u>5.3979</u> | <u>6.8061</u> |

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

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

| | 2018 | 2017 |
|--|--------------------|------------------|
| | RMB | RMB |
| Net fair value change in unrealised gains/(losses) in value of investments | (5,637,036) | 4,407,571 |
| Net realised gains on sale of investments | 2,874,197 | 389,894 |
| | <u>(2,762,839)</u> | <u>4,797,465</u> |

5. TAXATION

Hong Kong profits tax

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

PRC withholding tax

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

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

The taxation of the Sub-Fund for the years ended 31 December 2018 and 2017 represents:

| | 2018 | 2017 |
|------------------------------------|---------------|---------------|
| | RMB | RMB |
| Withholding tax on dividend income | 26,708 | 46,681 |
| Withholding tax on interest income | 257 | 267 |
| | <u>26,965</u> | <u>46,948</u> |

BOSERA FTSE CHINA A50 INDEX ETF
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

5. TAXATION (Continued)

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

| | 2018 | 2017 |
|--|-------------|-------------|
| | RMB | RMB |
| At the beginning of the year | - | - |
| Taxation charged to the statement of comprehensive income for the year | 26,965 | 46,948 |
| Tax paid | (26,965) | (46,948) |
| | <hr/> | <hr/> |
| At the end of the year | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

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

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund and the Trustee, the Manager and its connected persons. Connected persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong. All transactions entered into during the years ended 31 December 2018 and 2017 between the Sub-Fund and the Manager and its connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other significant transactions with related parties except for those disclosed below.

(a) Management fee

Bosera Asset Management (International) Co., Limited, the Manager, is entitled to receive a management fee, currently at the rate of 0.99% per annum of the net asset value of the Sub-Fund accrued daily and calculated as at each dealing day and payable monthly in arrears. The Manager decided to waive the management fee chargeable to the Sub-Fund for the years ended 31 December 2018 and 2017.

For the year ended 31 December 2018, the Manager did not charge any management fee (2017: Nil). At 31 December 2018 and 2017, no management fee was payable to the Manager.

(b) Trustee fee

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

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

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For the year ended 31 December 2018**

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

(b) Trustee fee (Continued)

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

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

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

For the year ended 31 December 2018, the Trustee was entitled to a total fee of RMB480,000 (2017: RMB480,000). At 31 December 2018, a fee of RMB40,000 (2017: RMB40,000) was payable to the Trustee.

(c) Bank balances, interest income and bank charges

As at 31 December 2018, bank balances of RMB11,428 (2017: RMB122,720) and RMB132,796 (2017: RMB16,161) were maintained with the Custodian and the PRC Custodian, group companies of the Trustee, which carry interest and incur bank charges amounted to RMB2,914 (2017: RMB2,689) and RMB500 (2017: RMB156) respectively.

(d) Holding in the Sub-Fund

The Manager held 300,000 units (2017: 300,000) in the Sub-Fund, representing 20% (2017: 10%) of the Sub-Fund's net asset value as at 31 December 2018. During the years ended 31 December 2018 and 2017, there were no purchase or sales of units of the Sub-Fund by the Manager. The net realised gains/(losses) and the net unrealised gains/(losses) of the Manager amounted to nil (2017: nil) and RMB(354,000) (2017: RMB426,000) respectively.

(e) Other fees

Transaction handling fees on purchases and sales of investments, fees for the preparation of annual and interim reports, and SWIFT charges were charged by the Trustee, amounting to RMB90,450 (2017: RMB105,468) for the year ended 31 December 2018, of which RMB30,394 (2017: RMB35,041) was outstanding at year end.

(f) Rebates

With effect from 8 August 2016, the ongoing charges in respect of the Sub-Fund would be capped at 3% of the average net asset value of the Sub-Fund. Any excess of ongoing expense of the Sub-Fund would be borne by the Manager and paid to the Sub-Fund as rebates. During the year ended 31 December 2018, total rebates from the Manager amounted to RMB468,035 (2017: RMB817,722), of which RMB468,035 (2017: RMB817,722) was outstanding at year end.

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NOTES TO THE FINANCIAL STATEMENTS
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6. TRANSACTIONS WITH RELATED PARTIES INCLUDING THE TRUSTEE, MANAGER AND ITS CONNECTED PERSONS (Continued)

(g) Holdings in connected persons of the Manager

During the years ended 31 December 2018 and 2017, the Sub-Fund held shares in China Merchants Bank Co. Ltd and China Merchants Shekou Industrial Zone Holdings Co., Ltd. which are group companies of the Manager. The movement of the Sub-Fund's investment is as follows:

China Merchants Bank Co., Ltd

| | 2018 | 2017 |
|------------------------------|---------------|---------------|
| | Shares | Shares |
| At the beginning of the year | 43,484 | 47,684 |
| Purchases | 2,000 | 2,600 |
| Sales | (24,600) | (6,800) |
| | <hr/> | <hr/> |
| At the end of the year | 20,884 | 43,484 |
| | <hr/> <hr/> | <hr/> <hr/> |

China Merchants Shekou Industrial Zone Holdings Co., Ltd.

| | 2018 | 2017 |
|------------------------------|---------------|---------------|
| | Shares | Shares |
| At the beginning of the year | 7,500 | 8,500 |
| Purchases | - | 200 |
| Sales | (3,900) | (1,200) |
| | <hr/> | <hr/> |
| At the end of the year | 3,600 | 7,500 |
| | <hr/> <hr/> | <hr/> <hr/> |

BOSERA FTSE CHINA A50 INDEX ETF
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

7. FINANCIAL RISK MANAGEMENT

The objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE China A50 Index. The Sub-Fund's activities may expose it to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Fund invest.

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

(a) Market risk

(i) Market price risk

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

The Sub-Fund is designated to track the performance of the FTSE China A50 Index, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index. All investments present a risk of loss of capital. The Manager manages the Sub-Fund's exposures to market risk by ensuring that the key characteristics of the portfolio, such as security weight and industry weight, are closely aligned with the characteristics of the tracked index.

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

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

| | 2018 | % of net | 2017 | % of net |
|-------------------------------|-------------------|-----------------|-------------------|-----------------|
| | Fair value | asset | Fair value | asset |
| | RMB | value | RMB | value |
| Listed equities - by industry | | | | |
| Basic Materials | 59,800 | 0.74 | 172,800 | 0.85 |
| Communications | 92,975 | 1.15 | 446,026 | 2.18 |
| Consumer, Cyclical | 659,691 | 8.15 | 1,277,300 | 6.26 |
| Consumer, Non-cyclical | 1,129,823 | 13.95 | 2,812,532 | 13.77 |
| Energy | 202,562 | 2.50 | 513,768 | 2.52 |
| Financial | 4,733,264 | 58.46 | 12,240,109 | 59.95 |
| Industrial | 766,623 | 9.47 | 1,514,040 | 7.42 |
| Technology | - | - | 443,514 | 2.17 |
| Utilities | 111,160 | 1.37 | 227,614 | 1.11 |
| | <u>7,755,898</u> | <u>95.79</u> | <u>19,647,703</u> | <u>96.23</u> |

The Sub-Fund held 50 (2017: 50) out of 50 (2017: 50) constituents comprising the FTSE China A50 Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the FTSE China A50 Index.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

7. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

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

As at 31 December 2018, if the FTSE China A50 Index were to increase by 10% with all other variables held constant, this would increase the pre-tax profit for the year and the net asset value by approximately RMB775,590 (2017: RMB1,964,770). Conversely, if the FTSE China A50 Index were to decrease by 10%, this would decrease the pre-tax profit for the year and the net asset value by an equal amount.

(ii) Interest rate risk

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

As at 31 December 2018 and 2017, interest rate risk arises only from bank balances, while the interest rate resets monthly. As these interest bearing assets are short-term in nature, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. Therefore, no sensitivity analysis has been disclosed.

(iii) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund is exposed to currency risk related to Renminbi against United States Dollars and Hong Kong Dollars. The table below summarised the Sub-Fund's net exposure, monetary and non-monetary, which are denominated in a currency other than Renminbi.

As at 31 December 2018

RMB equivalent

| | |
|----------------------|-----------|
| United States Dollar | |
| Monetary | (30,394) |
| Hong Kong Dollar | |
| Monetary | (206,876) |

As at 31 December 2017

RMB equivalent

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

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For the year ended 31 December 2018

7. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

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

As at 31 December 2018

| | Impact on net assets and pre-tax profit RMB |
|----------------------------------|--|
| United States Dollar Monetary | ±1,520 |
| Hong Kong Dollar Monetary | ±10,344 |

As at 31 December 2017

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

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

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

(b) Credit and counterparty risk

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

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

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

As at 31 December 2018, the Sub-Fund placed bank balances of RMB11,428 (2017: RMB122,720) with HSBC, which is the custodian of the Sub-Fund. The S&P credit rating of HSBC is AA- (2017: AA-).

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018

7. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

As at 31 December 2018, the Sub-Fund placed bank balances of RMB 132,796 (2017: RMB16,161) and investments of RMB 7,755,898 (2017: RMB19,647,703) with HSBC China, which is the PRC custodian of the Sub-Fund. The Moody's credit rating of HSBC China is A1 (2017: A1).

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The 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.

(c) Liquidity risk

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

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

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

| | Less than 1 month RMB | 1 month to 3 months RMB | Over 3 months RMB | Total RMB |
|---------------------------------|--------------------------------------|--|----------------------------------|----------------------|
| As at 31 December 2018 | | | | |
| Other accounts payable | 47,278 | - | 279,992 | 327,270 |
| Contractual cash outflow | <u>47,278</u> | <u>-</u> | <u>279,992</u> | <u>327,270</u> |
| | | | | |
| | Less than 1 month RMB | 1 month to 3 months RMB | Over 3 months RMB | Total RMB |
| As at 31 December 2017 | | | | |
| Other accounts payable | 57,270 | - | 268,791 | 326,061 |
| Contractual cash outflow | <u>57,270</u> | <u>-</u> | <u>268,791</u> | <u>326,061</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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7. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Units are redeemed on demand at the unitholder's option. As at 31 December 2018, there were 3 unitholders (2017: 3) holding more than 10% of the Sub-Fund's units.

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

| | Less than 7 days RMB | More than 12 months RMB | Total RMB |
|-------------------------------|-------------------------------------|--|----------------------|
| As at 31 December 2018 | | | |
| Total assets | 8,368,157 | 56,000 | 8,424,157 |
| | Less than 7 days RMB | More than 12 months RMB | Total RMB |
| As at 31 December 2017 | | | |
| Total assets | 20,604,308 | 140,000 | 20,744,308 |

(d) Fair value estimation

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Inputs for the asset or liability that are unobservable inputs (level 3).

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

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7. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The determination of what constitutes “observable” requires significant judgement by the Manager. The Manager considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets (by class) measured at fair value at 31 December 2018 and 2017:

| | Level 1 RMB | Level 2 RMB | Level 3 RMB | Total RMB |
|--|------------------------|------------------------|------------------------|----------------------|
| As at 31 December 2018 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Equity securities | 7,533,631 | 222,267 | - | 7,755,898 |
| Total assets | <u>7,533,631</u> | <u>222,267</u> | <u>-</u> | <u>7,755,898</u> |
| | Level 1 RMB | Level 2 RMB | Level 3 RMB | Total RMB |
| As at 31 December 2017 | | | | |
| Financial assets at fair value through profit or loss | | | | |
| - Equity securities | 19,647,703 | - | - | 19,647,703 |
| Total assets | <u>19,647,703</u> | <u>-</u> | <u>-</u> | <u>19,647,703</u> |

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. Management has used best estimation and considers the last traded price is the best estimation of the fair value. As at 31 December 2018, one listed equity investment amounted to RMB222,267, represented 2.75% of the net asset value of the Sub-Fund, was suspended from trading. As at 31 December 2017, there was no level 2 security in the Sub-Fund.

The suspended equity investment of RMB222,267 (2017: nil) had been transferred from Level 1 to Level 2 and classified as level 2 investments as at 31 December 2018. Transfers between levels of the fair value hierarchy is deemed to have occurred at the beginning of the reporting period.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2018 and 2017, the Sub-Fund did not hold any investments classified in level 3.

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

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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2018**

7. FINANCIAL RISK MANAGEMENT (Continued)

(e) Capital risk management

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

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

8. FINANCIAL INSTRUMENTS BY CATEGORY

Apart from financial assets at fair value through profit or loss as disclosed in the statement of financial position, all other financial assets as disclosed in the statement of financial position are categorised as "financial assets at amortised cost" (2017: "loans and receivables").

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

9. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

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

The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the years ended 31 December 2018 and 2017.

The SFC Code allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund's net asset value provided that the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index and the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the Index (except as a result of changes in the composition of the Index and the excess is transitional and temporary in nature).

There was 1 constituent security that individually accounted for more than 10% of the net asset value of the Sub-Fund and its respective weighting of the FTSE China A50 Index as at 31 December 2018 and 2017 [are](#) as follows:

| Securities | % of net asset value | | Respective weighting in the index (%) | |
|--|----------------------|--------------|---------------------------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| Ping An Insurance (Group) Company of China, Ltd | <u>11.36</u> | <u>11.69</u> | <u>11.91</u> | <u>12.08</u> |

For the year ended 31 December 2018, the FTSE China A50 Index decreased by 21.28% (2017: increased by 32.35%) while the net asset value per unit of the Sub-Fund decreased by 20.69% (2017: increased by 33.46%).

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10. SOFT COMMISSION ARRANGEMENT

The Manager confirms that there were no soft commission arrangements existing during the year ended 31 December 2018 (2017: Nil) in relation to directing transactions of the Sub-Fund through a broker or dealer.

11. DISTRIBUTIONS

The Sub-Fund did not make any distributions during the years ended 31 December 2018 and 2017.

12. SEGMENT INFORMATION

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

The Manager considers that the Sub-Fund has a single operating segment which is investing in securities. There were no changes in the reportable segment during the years ended 31 December 2018 and 2017. The objectives of the Sub-Fund are to track the performance of the FTSE China A50 Index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked index.

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

The Sub-Fund is domiciled in Hong Kong. The Sub-Fund's income is derived from investments in PRC securities which constitute FTSE China A50 Index, the tracked index.

The Sub-Fund has a diversified portfolio of investments and 1 single investment accounts for more than 10% of the Sub-Fund's net asset value.

13. Approval of financial statements

The financial statements were approved by the Trustee and the Manager on 30 April 2019.

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

**INVESTMENT PORTFOLIO (UNAUDITED)
As at 31 December 2018**

| INVESTMENTS (95.79%) | Holdings | Fair Value RMB | % of Net Assets |
|--|----------|----------------------|--------------------|
| LISTED EQUITIES (95.79%) | | | |
| CHINA (95.79%) | | | |
| 360 SECURITY TECHNOLOGY INC | 700 | 14,259 | 0.18 |
| AGRICULTURAL BANK OF CHINA | 68,304 | 245,894 | 3.04 |
| ANHUI CONCH CEMENT COMPANY LTD | 3,200 | 93,696 | 1.16 |
| BANK OF BEIJING CO LTD | 23,160 | 129,928 | 1.60 |
| BANK OF CHINA LTD | 37,478 | 135,296 | 1.67 |
| BANK OF COMMUNICATIONS LTD | 35,613 | 206,199 | 2.55 |
| BANK OF SHANGHAI CO LTD | 8,050 | 90,079 | 1.11 |
| BAOSHAN IRON & STEEL CO LTD | 9,200 | 59,800 | 0.74 |
| CHINA CITIC BANK CORP | 5,000 | 27,250 | 0.34 |
| CHINA COMMUNICATIONS CONSTRUCTION CO LTD | 2,600 | 29,276 | 0.36 |
| CHINA CONSTRUCTION BANK | 16,406 | 104,506 | 1.29 |
| CHINA EVERBRIGHT BANK CO LTD | 25,500 | 94,350 | 1.17 |
| CHINA LIFE INSURANCE CO | 2,571 | 52,423 | 0.65 |
| CHINA MERCHANTS BANK CO LTD | 20,884 | 526,277 | 6.50 |
| CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD | 3,600 | 62,460 | 0.77 |
| CHINA MINSHENG BANKING CO LTD | 49,280 | 282,374 | 3.49 |
| CHINA PACIFIC INSURANCE GROUP | 4,569 | 129,897 | 1.60 |
| CHINA PETROLEUM & CHEMICAL CORP | 17,380 | 87,769 | 1.08 |
| CHINA RAILWAY GROUP LTD | 9,530 | 66,615 | 0.82 |
| CHINA RAILWAYS CONSTRUCTION CORP | 6,700 | 72,829 | 0.90 |
| CHINA SHENHUA ENERGY CO LTD | 3,512 | 63,076 | 0.78 |
| CHINA STATE CONSTRUCTION ENGINEERING CORP LTD | 29,833 | 170,048 | 2.10 |
| CHINA UNITED NETWORK COMMUNICATIONS LTD | 13,500 | 69,795 | 0.86 |
| CHINA VANKE CO LTD | 11,600 | 276,312 | 3.41 |
| CHINA YANGTZE POWER CO LTD | 7,000 | 111,160 | 1.37 |
| CITIC SECURITIES CO LTD | 13,883 | 222,267 | 2.75 |
| CONTEMPORARY AMPEREX TECHNOLOGY CO LTD | 400 | 29,520 | 0.36 |
| CRRC CORP LTD | 13,222 | 119,262 | 1.47 |
| FOSHAN HAITIAN FLAVOURING & FOOD COMPANY LTD | 500 | 34,400 | 0.42 |
| FOXCONN INDUSTRIAL INTERNET CO LTD | 2,000 | 23,180 | 0.29 |
| GREE ELECTRIC APPLIANCES INC OF ZHUHAI | 7,600 | 271,244 | 3.35 |
| GUOTAI JUNAN SECURITIES CO LTD | 5,900 | 90,388 | 1.12 |
| HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD | 4,990 | 128,542 | 1.59 |
| INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD | 38,394 | 203,104 | 2.51 |
| INDUSTRIAL BANK CO LTD | 24,700 | 369,018 | 4.56 |
| INNER MONGILIA YILI INDUSTRIAL GROUP CO LTD | 9,000 | 205,920 | 2.54 |
| JIANGSU HENGRUI MEDICINE CO LTD | 3,010 | 158,778 | 1.96 |
| JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD | 800 | 75,776 | 0.94 |
| KWEICHOW MOUTAI CO LTD | 787 | 464,338 | 5.73 |
| MIDEA GROUP COMPANY LIMITED | 6,988 | 257,578 | 3.18 |

BOSERA FTSE CHINA A50 INDEX ETF
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INVESTMENT PORTFOLIO (UNAUDITED) (Continued)
As at 31 December 2018

| INVESTMENTS (95.79%) (Continued) | Holdings | Fair Value RMB | % of Net Assets |
|---|-----------------|-----------------------|------------------------|
| LISTED EQUITIES (95.79%) (Continued) | | | |
| CHINA (95.79%) (Continued) | | | |
| NEW CHINA LIFE INSURANCE CO LTD | 1,200 | 50,688 | 0.63 |
| PETROCHINA CO LTD | 7,173 | 51,717 | 0.64 |
| PING AN BANK CO LTD | 12,896 | 120,964 | 1.49 |
| PING AN INSURANCE (GROUP) CO OF CHINA LTD | 16,400 | 920,040 | 11.36 |
| POLY DEVELOPMENTS AND HOLDINGS GROUP CO LTD | 12,100 | 142,659 | 1.76 |
| S F HOLDING CO LTD | 1,300 | 42,575 | 0.53 |
| SAIC MOTOR CORP LTD | 4,907 | 130,870 | 1.62 |
| SHANGHAI INTERNATIONAL PORT GROUP LTD | 5,366 | 27,796 | 0.34 |
| SHANGHAI PUDONG DEVELOPMENT BANK CO LTD | 25,601 | 250,890 | 3.10 |
| WULIANGYE YIBIN CO LTD | 3,200 | 162,816 | 2.01 |
| TOTAL INVESTMENTS | | 7,755,898 | 95.79 |
| OTHER NET ASSETS | | 340,989 | 4.21 |
| NET ASSETS ATTRIBUTABLE TO UNITHOLDERS | | 8,096,887 | 100.00 |
| TOTAL INVESTMENTS, AT COST | | 6,424,308 | |

BOSERA FTSE CHINA A50 INDEX ETF
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STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED)
For the year ended 31 December 2018

| | Holdings | | | | 31 December 2018 |
|--|-------------------|-----------|-----------|--------------|---------------------|
| | 1 January 2018 | Additions | Disposals | Bonus Splits | |
| INVESTMENTS | | | | | |
| LISTED EQUITIES | | | | | |
| 360 SECURITY TECHNOLOGY INC | - | 700 | - | - | 700 |
| AGRICULTURAL BANK OF CHINA | 130,504 | 9,700 | 71,900 | - | 68,304 |
| ANHUI CONCH CEMENT COMPANY LTD | - | 6,300 | 3,100 | - | 3,200 |
| BANK OF BEIJING CO LTD | 47,860 | 1,000 | 25,700 | - | 23,160 |
| BANK OF CHINA LTD | 77,978 | 1,800 | 42,300 | - | 37,478 |
| BANK OF COMMUNICATIONS LTD | 74,013 | 3,300 | 41,700 | - | 35,613 |
| BANK OF SHANGHAI CO LTD | 3,250 | 8,100 | 5,600 | 2,300 | 8,050 |
| BAOSHAN IRON & STEEL CO LTD | 20,000 | - | 10,800 | - | 9,200 |
| BOE TECHNOLOGY GR CO LTD | 76,600 | 2,400 | 79,000 | - | - |
| BYD CO LTD | 2,700 | - | 2,700 | - | - |
| CHINA CITIC BANK CORP | 9,900 | - | 4,900 | - | 5,000 |
| CHINA COMMUNICATIONS CONSTRUCTION CO LTD | 5,100 | - | 2,500 | - | 2,600 |
| CHINA CONSTRUCTION BANK | 33,306 | 700 | 17,600 | - | 16,406 |
| CHINA EVERBRIGHT BANK CO LTD | 51,500 | 1,400 | 27,400 | - | 25,500 |
| CHINA LIFE INSURANCE CO | 5,371 | - | 2,800 | - | 2,571 |
| CHINA MERCHANTS BANK CO LTD | 43,484 | 2,000 | 24,600 | - | 20,884 |
| CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD | 7,500 | - | 3,900 | - | 3,600 |
| CHINA MINSHENG BANKING CO LTD | 85,200 | 4,100 | 48,200 | 8,180 | 49,280 |
| CHINA MOLYBDENUM CO LTD | - | 4,500 | 4,500 | - | - |
| CHINA PACIFIC INSURANCE GROUP | 9,269 | 100 | 4,800 | - | 4,569 |
| CHINA PETROLEUM & CHEMICAL CORP | 35,280 | 700 | 18,600 | - | 17,380 |
| CHINA RAILWAY GROUP LTD | 18,930 | - | 9,400 | - | 9,530 |
| CHINA RAILWAYS CONSTRUCTION CORP | 14,674 | 6,700 | 14,674 | - | 6,700 |
| CHINA SHENHUA ENERGY CO LTD | 7,612 | - | 4,100 | - | 3,512 |
| CHINA STATE CONSTRUCTION ENGINEERING CORP LTD | 44,309 | 800 | 23,800 | 8,524 | 29,833 |

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

STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (Continued)
For the year ended 31 December 2018

| | Holdings | | | | 31 December 2018 |
|--|-------------------|-----------|-----------|--------------|---------------------|
| | 1 January 2018 | Additions | Disposals | Bonus Splits | |
| INVESTMENTS (Continued) | | | | | |
| LISTED EQUITIES (Continued) | | | | | |
| CHINA UNITED NETWORK COMMUNICATIONS LTD | 28,200 | - | 14,700 | - | 13,500 |
| CHINA VANKE CO LTD | 23,900 | 1,100 | 13,400 | - | 11,600 |
| CHINA YANGTZE POWER CO LTD | 14,600 | - | 7,600 | - | 7,000 |
| CITIC SECURITIES CO LTD | 28,783 | 1,400 | 16,300 | - | 13,883 |
| CONTEMPORARY AMPEREX TECHNOLOGY CO LTD | - | 400 | - | - | 400 |
| CRRC CORP LTD | 27,522 | - | 14,300 | - | 13,222 |
| FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD | 19,000 | 1,300 | 22,280 | 1,980 | - |
| FOSHAN HAITIAN FLAVOURING & FOOD CO LTD | - | 500 | - | - | 500 |
| FOXCONN INDUSTRIAL INTERNET CO LTD | - | 2,000 | - | - | 2,000 |
| GF SECURITIES CO LTD | 9,200 | - | 9,200 | - | - |
| GREE ELECTRIC APPLIANCES INC OF ZHUHAI | - | 15,600 | 8,000 | - | 7,600 |
| GUANGZHOU AUTOMOBILE GROUP CO LTD | 1,600 | 700 | 2,780 | 480 | - |
| GUOTAI JUNAN SECURITIES CO LTD | 12,200 | - | 6,300 | - | 5,900 |
| HAITONG SECURITIES CO LTD | 22,137 | - | 22,137 | - | - |
| HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD | 10,090 | 300 | 5,400 | - | 4,990 |
| HUATAI SECURITIES CO LTD | 10,114 | - | 10,114 | - | - |
| INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD | 79,794 | 3,400 | 44,800 | - | 38,394 |
| INDUSTRIAL BANK CO LTD | 51,200 | 2,400 | 28,900 | - | 24,700 |
| INNER MONGILIA YILI INDUSTRIAL GROUP CO LTD | 16,800 | 1,500 | 9,300 | - | 9,000 |
| JIANGSU HENGRUI MEDICINE CO LTD | 4,800 | 200 | 3,400 | 1,410 | 3,010 |
| JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD | 1,500 | - | 700 | - | 800 |
| KWEICHOW MOUTAI CO LTD | 1,687 | - | 900 | - | 787 |
| MIDEA GROUP COMPANY LIMITED | 14,188 | 700 | 7,900 | - | 6,988 |
| NEW CHINA LIFE INSURANCE CO LTD | 2,200 | - | 1,000 | - | 1,200 |
| PETROCHINA CO LTD | 14,973 | - | 7,800 | - | 7,173 |
| PING AN BANK CO LTD | 26,696 | 400 | 14,200 | - | 12,896 |

BOSERA FTSE CHINA A50 INDEX ETF
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STATEMENT OF MOVEMENT IN INVESTMENT PORTFOLIO (UNAUDITED) (Continued)
For the year ended 31 December 2018

| | Holdings | | | | 31 December 2018 |
|--|---------------------------|------------------|------------------|---------------------|-----------------------------|
| | 1 January 2018 | Additions | Disposals | Bonus Splits | |
| INVESTMENTS (Continued) | | | | | |
| LISTED EQUITIES (Continued) | | | | | |
| PING AN INSURANCE (GROUP) CO OF CHINA LTD | 34,100 | 1,500 | 19,200 | - | 16,400 |
| POLY DEVELOPMENTS AND HOLDINGS GROUP CO LTD | 25,000 | - | 12,900 | - | 12,100 |
| S F HOLDING CO LTD | - | 1,300 | - | - | 1,300 |
| SAIC MOTOR CORP LTD | 8,607 | 1,000 | 4,700 | - | 4,907 |
| SHANGHAI INTERNATIONAL PORT GROUP LTD | 12,066 | - | 6,700 | - | 5,366 |
| SHANGHAI PUDONG DEVELOPMENT BANK CO LTD | 53,201 | 2,400 | 30,000 | - | 25,601 |
| WULIANGYE YIBIN CO LTD | 6,400 | 300 | 3,500 | - | 3,200 |

**BOSERA FTSE CHINA A50 INDEX ETF
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**PERFORMANCE TABLE (UNAUDITED)
For the year ended 31 December 2018**

Net assets value

| | Net asset value of the Sub-Fund RMB | Net asset value per unit RMB |
|------------------------------------|--|---|
| At the end of financial year dated | | |
| 31 December 2018 | 8,096,887 | 5.3979 |
| 31 December 2017 | 20,418,247 | 6.8061 |
| 31 December 2016 | 15,299,020 | 5.0997 |

Highest and lowest net asset value per unit

| | Highest net asset value per unit RMB | Lowest net asset value price per unit RMB |
|------------------------------------|---|--|
| Financial year/period ended | | |
| 31 December 2018 | 7.6112 | 5.3513 |
| 31 December 2017 | 7.1317 | 5.1728 |
| 31 December 2016 | 5.4846 | 4.4196 |
| 31 December 2015 | 7.6930 | 4.4952 |
| 31 December 2014 | 5.8056 | 3.1758 |
| 31 December 2013 (since inception) | 3.8368 | 3.4727 |