

ANNUAL REPORT

CHINA UNIVERSAL INTERNATIONAL ETF SERIES
– C-SHARES CSI 300 INDEX ETF

(A sub-fund of China Universal International ETF Series, an umbrella
unit trust established under the laws of Hong Kong)

31 December 2018

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

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IMPORTANT:

Any opinion expressed herein reflects the Manager's view only and is subject to change. For more information about the Sub-Fund, please refer to the prospectus of the Sub-Fund which is available at our website: <http://www.99fund.com.hk>

Investors should not rely on the information contained in this report for their investment decisions.

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

MANAGEMENT AND ADMINISTRATION

MANAGER AND RQFII HOLDER

China Universal Asset Management (Hong Kong) Company Limited
3710-11, Two International Finance Centre
8 Finance Street
Central
Hong Kong

DIRECTORS OF THE MANAGER

LI Wen
WAN Qing
ZHANG Hui

ADVISER

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RQFII CUSTODIAN

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18 Whitfield Road
Causeway Bay
Hong Kong

CUSTODIAN

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1 Garden Road
Central
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REGISTRAR

Computershare Hong Kong Investor Services Limited
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183 Queen's Road East
Wan Chai
Hong Kong

SERVICE AGENT OR CONVERSION AGENT

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

AUDITOR

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

PARTICIPATING DEALERS

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979 King's Road, Hong Kong

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

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

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

KGI Asia Limited
41/F, Central Plaza
18 Harbour Road, Wan Chai, Hong Kong

Morgan Stanley Hong Kong Securities Limited
Level 46, International Commerce Centre,
1 Austin Road West, Kowloon, Hong Kong

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

Orient Securities (Hong Kong) Limited
28/F & 29/F
100 Queen's Road Central, Hong Kong

UBS Securities Hong Kong Limited
42/F, One Exchange Square, Central
Hong Kong

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The C-Shares CSI 300 Index ETF (the "Sub-Fund"), is a sub-fund of China Universal International ETF Series, a Hong Kong umbrella unit trust, authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong. The Sub-Fund seeks to track the performance of CSI 300 Index (the "Index"). Both the RMB counter (stock code: 83008) and the HKD counter (stock code: 3008) commenced trading on the Hong Kong Stock Exchange (the "HKEx") on 8 July 2013.

The Sub-Fund is a physical ETF, and mainly invests in A shares listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange through the RMB Qualified Foreign Institutional Investor ("RQFII") investment quota of RMB3.1 billion granted to the Manager by the State Administration of Foreign Exchange.

Pursuant to the announcement dated 15 December 2017, the Manager has notified to all its existing investors regarding its liquidation plan of the Sub-Fund. The Sub-Fund has ceased trading on the HKEx from 16 January 2018. The Manager bears all costs and expenses associated with the termination, deauthorisation and delisting (other than the operating expenses such as transaction costs and any taxes relating to the realisation of assets of the Sub-Fund) from 15 December 2017 up to and including the termination date and that it has not made any provision in respect of such costs and expenses.

In accordance with the interim distribution announcement on 9 February 2018, an interim distribution per unit of RMB17.7266 was declared. The interim distribution was paid on 28 February 2018.

On 30 November 2018, the Manager announced that as the suspended stocks had yet to be disposed, the Manager has extended the period of final distribution in respect of the Sub-Fund and postponed the termination date in respect of the Sub-Fund to a day expected to be no later than 13 December 2019 based on the prevailing market conditions.

Performance of the Sub-Fund

The C-Shares CSI 300 Index ETF seeks to provide investment result that, before deduction of fees and expenses, closely corresponds to the performance of the Index. There can be no assurance that the Sub-Fund will achieve its investment objective.

A summary of the performance of the CSI 300 Index and the Sub-Fund is given as follows:

Total Returns in respective currency¹:

	Since Launch ²
CSI 300 Index	95.29%
RMB Counter of the Sub-Fund (NAV-to-NAV)	66.65%
RMB Counter of the Sub-Fund (Market-to-Market)	69.63%
HKD Counter of the Sub-Fund (NAV-to-NAV)	60.74%
HKD Counter of the Sub-Fund (Market-to-Market)	60.16%

¹ Source: Wind Info, the performances of CSI 300 Index and the RMB counter of the Sub-Fund are calculated in RMB, and the performances of the HKD counter of the Sub-Fund are calculated in HKD.

² The performance was calculated up to 15 January 2018 (last trading day).

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)

For and on behalf of
China Universal Asset Management (Hong Kong) Company Limited, the Manager

26 April 2019

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, China Universal Asset Management (Hong Kong) Company Limited, the Manager of C-Shares CSI 300 Index ETF (the "Sub-Fund") has, in all material respects, managed the Sub-Fund in accordance with the provisions of the trust deed dated 31 May 2013 as amended by three supplemental deeds dated 7 April 2014 (collectively, the "Trust Deed") for the year ended 31 December 2018.

For and on behalf of
BOCI-Prudential Trustee Limited, the Trustee

26 April 2019

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager of the C-Shares CSI 300 Index ETF (a sub-fund of China Universal International 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 31 May 2013 as amended by three supplemental deeds dated 7 April 2014 (collectively, 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 judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on a liquidation basis as the Manager intends to wind up the Sub-Fund by way of a voluntary liquidation.

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

China Universal International 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.

Trustee's responsibilities

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Sub-Fund.

Independent auditor's report

To the unitholders of China Universal International ETF Series – C-Shares CSI 300 Index ETF

(A sub-fund of China Universal International ETF Series, an umbrella unit trust established under the laws of Hong Kong)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of C-Shares CSI 300 Index ETF (a sub-fund of China Universal International ETF Series (the "Trust") and referred to as the "Sub-Fund") set out on pages 11 to 47, 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 and the statement of cash flows 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Sub-Fund in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 China Universal International ETF Series – C-Shares CSI 300 Index ETF

(A sub-fund of China Universal International ETF Series, an umbrella unit trust established under the laws of Hong Kong)

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, all the financial assets at fair value through profit or loss valued at RMB12,419 were suspended shares. These financial assets were listed shares in the Shanghai Stock Exchange or the Shenzhen Stock Exchange. We focused on this area because the financial assets at fair value through profit or loss are material to the financial statements and significant assumptions and judgement are 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, and agreed the quantities held to the accounting records. We tested the design and operating effectiveness of controls for the valuation of financial instruments.</p> <p>For suspended shares in which quoted price cannot be obtained, we evaluated the valuation techniques and inputs applied through comparison with the valuation techniques that are commonly used in the market and the validation of observable inputs using external market data. In addition, we evaluated the assumptions made by the management and we reviewed the financial statement disclosures regarding fair value hierarchy as set out in note 10-11 to the financial statements.</p>

Other information included in the Annual Report

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

Independent auditor's report (continued)

To the unitholders of China Universal International ETF Series – C-Shares CSI 300 Index ETF

(A sub-fund of China Universal International ETF Series, an umbrella unit trust established under the laws of Hong Kong)

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 Manager and the Trustee for the financial statements

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

In preparing the financial statements, the Manager and the Trustee 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 Manager and the Trustee either intend to liquidate the Sub-Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Manager and the Trustee of the Sub-Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the trust deed dated 31 May 2013 as amended by three supplemental deeds dated 7 April 2014 (collectively, the "Trust Deed") 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Sub-Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

Independent auditor's report (continued)

To the unitholders of China Universal International ETF Series – C-Shares CSI 300 Index ETF

(A sub-fund of China Universal International ETF Series, an umbrella unit trust established under the laws of Hong Kong)

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sub-Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager and the Trustee.
- Conclude on the appropriateness of the Manager's and the Trustee's use of the going concern basis of accounting. When such use is inappropriate and the Manager and the Trustee use an alternative basis of accounting, we conclude on the appropriateness of the Manager's and the Trustee's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Independent auditor's report (continued)

To the unitholders of China Universal International ETF Series – C-Shares CSI 300 Index ETF

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

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

26 April 2019

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2018

	Notes	2018 RMB	2017 RMB
INCOME			
Dividend income		2,476	171,121
Interest income		3,561	1,169
Other income	5	<u>181,106</u>	<u>345,436</u>
		<u>187,143</u>	<u>517,726</u>
EXPENSES			
Brokerage commission	5	(8,316)	(2,716)
Trustee and custodian fees	5	-	(114,516)
Auditor's remuneration		-	(9,712)
Other operating expenses		<u>(40,279)</u>	<u>(109,051)</u>
		<u>(48,595)</u>	<u>(235,995)</u>
GAIN BEFORE INVESTMENT AND EXCHANGE DIFFERENCES		138,548	281,731
INVESTMENT AND EXCHANGE DIFFERENCES			
Net change in unrealised gains or losses on financial assets at fair value through profit or loss		(2,923,046)	1,355,229
Net realised gains on financial assets at fair value through profit or loss		<u>3,431,397</u>	<u>312,442</u>
NET INVESTMENTS AND EXCHANGE GAINS		<u>508,351</u>	<u>1,667,671</u>
PROFIT BEFORE TAX		646,899	1,949,402
Withholding tax expense	7	<u>(374)</u>	<u>(17,948)</u>
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>646,525</u></u>	<u><u>1,931,454</u></u>

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
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STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 RMB	2017 RMB
ASSETS			
Financial assets at fair value through profit or loss	10	12,419	9,899,599
Prepayment and other receivables		-	45
Deposit reserve – China Exchange Clearing		-	22
Due from the Manager	5	-	190,952
Cash and bank balances	12	<u>178,440</u>	<u>350,157</u>
TOTAL ASSETS		<u>190,859</u>	<u>10,440,775</u>
LIABILITIES			
Trustee and custodian fees payable	5	-	10,000
Withholding tax provision	7	27	32
Other payables and accruals		<u>25</u>	<u>250,501</u>
TOTAL LIABILITIES		<u>52</u>	<u>260,533</u>
EQUITY			
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS	9	<u>190,807</u>	<u>10,180,242</u>
NUMBER OF UNITS IN ISSUE	9	<u>600,000</u>	<u>600,000</u>
NET ASSET VALUE PER UNIT	9	<u>0.3180</u>	<u>16.9671</u>

For and on behalf of
China Universal Asset Management (Hong Kong)
Company Limited, as the Manager

For and on behalf of
BOCI-Prudential Trustee Limited,
as the Trustee

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CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

Year ended 31 December 2018

	Note	RMB
At 1 January 2017		8,248,788
Total comprehensive income for the year		<u>1,931,454</u>
At 31 December 2017 and 1 January 2018		10,180,242
Distribution to unitholders	8	(10,635,960)
Total comprehensive income for the year		<u>646,525</u>
At 31 December 2018		<u><u>190,807</u></u>

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Note	2018 RMB	2017 RMB
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		646,899	1,949,402
Adjustments for:			
Net change in unrealised gains or losses on financial assets at fair value through profit or loss		2,923,046	(1,355,229)
Net realised gains on financial assets at fair value through profit or loss		<u>(3,431,397)</u>	<u>(312,442)</u>
		138,548	281,731
Purchase of financial assets at fair value through profit or loss		-	(1,738,950)
Proceeds from sale of financial assets at fair value through profit or loss		10,395,531	1,666,782
Decrease/(increase) in deposit reserve – China Exchange Clearing		22	(22)
Decrease in prepayment and other receivables		45	13,561
Decrease/(increase) in due from the Manager		190,952	(16,922)
Decrease in trustee and custodian fees payable		(10,000)	-
Decrease in other payables and accruals		<u>(250,476)</u>	<u>(64,010)</u>
Cash generated from operations		10,464,622	142,170
Tax paid		<u>(379)</u>	<u>(18,259)</u>
Net cash flows from operating activities		<u>10,464,243</u>	<u>123,911</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Distributions paid to unitholders		<u>(10,635,960)</u>	-
Net cash flow used in financing activities		(10,635,960)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		<u>350,157</u>	<u>226,246</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>178,440</u></u>	<u><u>350,157</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	<u><u>178,440</u></u>	<u><u>350,157</u></u>
NET CASH FROM OPERATING ACTIVITIES INCLUDES:			
Dividend received		2,476	171,121
Interest received		<u><u>3,561</u></u>	<u><u>1,169</u></u>

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

NOTES TO FINANCIAL STATEMENTS

31 December 2018

1. THE TRUST

China Universal International ETF Series (the "Trust") is an umbrella unit trust governed by its trust deed dated 31 May 2013 as amended by three supplemental deeds dated 7 April 2014 (collectively, the "Trust Deed") between China Universal Asset Management (Hong Kong) Company Limited (the "Manager") and BOCI-Prudential Trustee Limited (the "Trustee"). It is authorised by the Securities and Futures Commission of Hong Kong (the "SFC") pursuant to Section 104(1) of the Securities and Futures Ordinance of Hong Kong (the "SFO").

These financial statements relate to the first sub-fund of the Trust, C-Shares CSI 300 Index ETF (the "Sub-Fund"). The Sub-Fund commenced trading under the stock code 83008 (RMB counter) and 03008 (HKD counter) on the Hong Kong Stock Exchange ("HKEx") on 8 July 2013.

The investment objective of the Sub-Fund is to provide investment results that closely correspond to the performance of the CSI 300 Index (the "Index"). The Sub-Fund is a physical exchange traded fund investing directly in the underlying A-Shares of the Index. As at 31 December 2018, the approved Renminbi Qualified Foreign Institutional Investor ("RQFII") quota granted to the Manager by State Administration of Foreign Exchange (the "SAFE") was RMB3.1 billion (2017: RMB3.1 billion).

Pursuant to the announcement dated 15 December 2017, the Manager has notified to all its existing investors regarding its liquidation plan of the Sub-Fund. The Manager has, by means of a resolution of the board of directors of the Manager dated 5 December 2017, decided to terminate the Trust and the Sub-Fund under clause 27.3(a) of the Trust Deed ("Termination"), and voluntarily seek the deauthorisation of the Trust and the Sub-Fund ("Deauthorisation") from the SFC under section 106 of the SFO and the delisting of the Sub-Fund ("Delisting") from the Stock Exchange of Hong Kong Limited (the "SEHK").

The last trading day of the units of the Sub-Fund on the SEHK was 15 January 2018 (the "Last Trading Day"). No dealings of the units on the SEHK and redemption of units were permitted from 16 January 2018 (the "Trading Cessation Date"). The Sub-Fund started to liquidate all investments and ceased to be able to track the underlying indices on the Trading Cessation Date.

On 9 February 2018, the Manager declared the Sub-Fund's interim distribution to the investors who were recorded as holding units in the Sub-Fund as at close of business on 23 January 2018 (the distribution record date). The interim distribution was paid on 28 February 2018.

On 30 November 2018, the Manager announced that as the suspended stocks had yet to be disposed, the Manager has extended the period of final distribution in respect of the Sub-Fund and postponed the termination date in respect of the Trust and the Sub-Fund to a day expected to be no later than 13 December 2019 (the "Termination Date") based on the prevailing market conditions.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong, the relevant disclosure provisions of the Trust Deed, and the relevant disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds of the SFC (the "SFC Code").

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

As mentioned in note 1 to the financial statements, the Manager intends to wind up the Sub-Fund by way of a voluntary liquidation. The financial statements for the year ended 31 December 2017 adopted a liquidation basis and the financial statements for the current year have continued to be prepared on a liquidation basis. All assets have been adjusted to their estimated net realisable values. As the Manager will bear all costs and expenses associated with the Termination, Deauthorisation and Delisting (other than the operating expenses such as transaction costs and any taxes relating to the realisation of assets of a Sub-Fund) from 15 December 2017 up to and including the Termination Date, the Sub-Fund has not made any provision in respect of such costs and expenses.

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting principles adopted in the current year are consistent with those of the prior year; except that the Sub-Fund has adopted the following new and revised accounting standard:

HKFRS 9 *Financial Instruments*

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

HKFRS 9 Financial Instruments

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

NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.2 CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

HKFRS 9 Financial Instruments (continued)

(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.
- 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 HKFRS 9.
- The classification of financial liabilities under HKFRS 9 remains broadly the same as under HKAS 39. The main impact on measurement from the classification of liabilities under HKFRS 9 relates to the element of gains or losses for financial liabilities designated as at FVPL attributable to changes in credit risk. HKFRS 9 requires that such element be recognised in other comprehensive income, 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 does not have any designated financial liabilities at FVPL, and therefore this requirement has no impact on the financial position and financial performance of the Sub-Fund.

(b) *Impairment*

HKFRS 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 fund to credit risk, this amendment has not had a material impact on the financial statements. The Sub-Fund only holds short-term 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.

(c) *Hedge accounting*

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

Impact of adoption of HKFRS 9

The classification and measurement requirements of HKFRS 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 HKAS 39. The following table shows the original measurement categories in accordance with HKAS 39 and the new measurement categories under HKFRS 9 for the Sub-Fund's financial assets and financial liabilities as at 1 January 2018:

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

HKFRS 9 Financial Instruments (continued)

Impact of adoption of HKFRS 9 (continued)

1 January 2018	HKAS 39 classification	HKAS 39 measurement RMB	HKFRS 9 classification	HKFRS 9 measurement RMB
<u>Financial assets</u>				
Financial assets at fair value through profit or loss	Held for trading at FVPL	9,899,599	FVPL	9,899,599
Financial assets included in prepayment and other receivables	Loans and receivables	45	Amortised cost	45
Deposit reserve – China Exchange Clearing	Loans and receivables	22	Amortised cost	22
Due from the Manager	Loans and receivables	190,952	Amortised cost	190,952
Cash and bank balances	Loans and receivables	350,157	Amortised cost	350,157
<u>Financial liabilities</u>				
Trustee and custodian fees payable	Other financial liabilities	10,000	Amortised cost	10,000
Other payables and accruals	Other financial liabilities	250,501	Amortised cost	250,501

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. HKFRS 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 FVPL under HKAS 39 are still classified as FVPL under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (CONTINUED)

HKFRS 9 Financial Instruments (continued)

Impact of adoption of HKFRS 9 (continued)

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial instruments

In the current period, the Sub-Fund has adopted HKFRS 9 Financial Instruments. See note 2.2 to the financial statements 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 *HKAS 39 Financial Instruments: Recognition and Measurement*.

(i)(a) Classification - Policy effective from 1 January 2018 (HKFRS 9)

In accordance with HKFRS 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 FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i)(a) Classification - Policy effective from 1 January 2018 (HKFRS 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
- 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 short-term non-financing receivables including cash and bank balances, deposit reserve-China Exchange Clearing, amount due from the Manager 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:

- 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i)(a) Classification - Policy effective from 1 January 2018 (HKFRS 9) (continued)

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities. The Sub-Fund includes in this category trustee and custodian fees payable and other payables and accruals.

(i)(b) Classification - Policy effective before 1 January 2018 (HKAS 39)

The Sub-Fund classifies its financial assets and liabilities into the categories below in accordance with HKAS 39.

Financial instruments at fair value through profit or loss

Financial instruments designated as fair value through profit or loss upon initial recognition: these include equity securities that are not held for trading. These financial instruments are designated upon initial recognition on the basis that they are part of a group of financial instruments which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Sub-Fund. This category includes listed equity securities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Sub-Fund includes in this category amounts relating to cash and bank balances, deposit reserve-China Exchange Clearing, amount due from the Manager and other receivables.

Financial liabilities

This category includes all financial liabilities. The Sub-Fund includes in this category amounts relating to trustee and custodian fees payable and other payables and accruals.

(ii) Recognition (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Sub-Fund commits to purchase or sell the financial asset.

(iii) Initial measurement (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(iii) ***Initial measurement (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)*** (continued)

Loans and receivables and financial liabilities (other than those classified as designated as at fair value through profit or loss) are measured initially at their fair value plus any directly attributable incremental costs of acquisition or issue.

(iv) ***Subsequent measurement (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)***

After initial measurement, the Sub-Fund measures financial instruments which are classified as 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/losses on financial assets at fair value through profit or loss". Interests earned of such instruments are recorded separately in "Interest income on financial assets at fair value through profit and loss".

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

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

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

(v) ***Derecognition (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)***

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

NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(v) ***Derecognition (policies under HKFRS 9 applicable from 1 January 2018 and HKAS 39 applicable before 1 January 2018)*** (continued)

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

Fair value measurement

The Sub-Fund measures financial instruments, such as, equities investments 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:

NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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

Impairment of financial assets

Policy effective from 1 January 2018 (HKFRS 9)

The Sub-Fund holds only short-term 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 (ECL) under HKFRS 9 to all its short-term 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.

The Sub-Fund uses the provision matrix as a practical expedient to measuring ECLs on trade receivables, based on days past due for groupings of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward-looking estimates.

Policy effective before 1 January 2018 (HKAS 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 occurred, 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 occurred) 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Policy effective before 1 January 2018 (HKAS 39) (continued)

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 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

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand, demand deposits, and short-term deposits in banks, 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 bank balances as defined above, net of outstanding bank overdrafts when applicable.

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

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Redeemable units (continued)

The Sub-Fund's redeemable units meet the definition of puttable instruments classified as equity instruments under the revised HKAS 32 and are classified as equity.

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 financial liabilities 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 which 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 profit or loss on the purchase, sale, issuance or cancellation of the Sub-Fund's own equity instruments.

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 the statement of profit or loss and other comprehensive income.

Interest income and expense

Interest income and expense is recognised in profit or loss as it accrues, using the effective interest method.

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

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

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

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

Realised gains and losses on disposals of financial instruments classified as "at fair value through profit or loss" are calculated using the weighted average method. They represent the difference between an instrument's weighted average initial carrying amount and disposal amount.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency

These financial statements are presented in RMB, which is the Sub-Fund's functional 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 in the statement of profit or loss and other comprehensive income as part of the 'net change in unrealised gains or losses on financial assets at fair value through profit or loss'.

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.

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 the statement of profit or loss and other comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

Distributions to unitholders

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

NOTES TO FINANCIAL STATEMENTS

31 December 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Fund;
 - (ii) has significant influence over the Sub-Fund; or
 - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;

or

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

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 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Sub-Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Sub-Fund. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the Sub-Fund performs sensitivity analysis or stress testing techniques.

5. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions entered into during the year between the Sub-Fund and the Manager and their connected persons. Connected persons of the Manager are those as defined in the SFC Code. All transactions entered into during the year between the Sub-Fund, the Manager and their connected persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with connected persons except for those disclosed below:

Brokerage commission

The Sub-Fund utilises the trading services of only one broker, UBS Securities Co Ltd. As such, the Sub-Fund did not enter into any transactions with any related broker for the year ended 31 December 2018 (2017: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2018

5. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS (continued)

Management fee

The Manager is entitled to receive a management fee from the Sub-Fund, at the current rate of 0.5% (up to maximum of 2%) per annum of the net asset value of the Sub-Fund calculated and accrued on each dealing day and are paid monthly in arrears. The Manager is responsible for the payment of the investment advisory fees to China Universal Asset Management Company Limited (the "Investment Adviser"), out of its fees received from the Sub-Fund. On 15 November 2016, the Manager announced that for the period from 1 January 2017 to 30 June 2017, the Manager waived the management fee of the Sub-Fund. On 28 April 2017, the Manager announced that for the period from 1 July 2017 to 31 December 2017, the Manager waived the management fee of the Sub-Fund. On 15 December 2017, the Manager announced to continue to waive the management fee for the Sub-Fund until the termination date.

Trustee and custodian fees

Trustee and custodian fees pertain to the amounts charged by the Trustee and Bank of China (Hong Kong) Limited (the "Custodian") and Bank of China Limited (the "RQFII Custodian") as safe keeping and custodian fees, respectively.

The Trustee is entitled to receive a trustee fee from the Sub-Fund which is accrued on each dealing day and is paid monthly in arrears. The trustee fee is calculated at the current rate of 0.10% per annum of the net asset value of the Sub-Fund and subject to a monthly minimum of RMB40,000, which is waived from the initial launch of the Sub-Fund to 31 March 2016. 75% discount on monthly minimum trustee fee is applied from 1 April 2016 to 31 December 2017. The trustee fee is inclusive of the custodian fee to the Custodian and the RQFII Custodian. No trustee and custodian fees were charged to the Sub-Fund for year ended 31 December 2018.

Under the terms of the Trust Deed, the Trustee may, after consulting the Manager, on giving not less than one month's notice to unitholders, increase the rate of the trustee fee payable in respect of the Sub-Fund up to or towards the maximum rate of 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.

Cash and bank balances

Bank balances are maintained with the RQFII Custodian and Custodian of the Sub-Fund. Bank balances deposited with the RQFII Custodian and the Custodian at 31 December 2018 and 31 December 2017 are summarised below:

	2018	2017
	RMB	RMB
Cash at banks	<u>178,440</u>	<u>350,157</u>

Creation and redemption of the Sub-Fund

The Manager and the Trustee entered into a participating agreement with participating dealers to effect applications for creation and redemption of the Sub-Fund. There were no creation and redemption of the Sub-Fund by related party of the Trustee and Custodian for the year ended 31 December 2018 (2017: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2018

5. TRANSACTIONS WITH THE MANAGER AND ITS CONNECTED PERSONS AND RELATED PARTY TRANSACTIONS (continued)

Certain charges, fees and expenses borne by the Manager

Pursuant to the announcement of the Sub-Fund dated 15 December 2017, the Manager bore all costs and expenses associated with the Termination, Deauthorisation and Delisting (other than the operating expenses such as transaction costs and any taxes relating to the realisation of assets of a Sub-Fund) from 15 December 2017 up to and including the termination date and that it has not made any provision in respect of such costs and expenses. For the year ended 31 December 2018, the Manager has borne a total sum of RMB831,200 expenses for the Sub-Fund (2017: RMB1,108,851).

Included in the above total sum is an unamortised portion of the preliminary expenses and auditor's remuneration amounted to RMB181,106 (2017: RMB345,436), which has been recharged to the Manager, was recognised as other income in profit or loss.

As at 31 December 2018, the Sub-Fund has no amount due from the Manager (2017: RMB 190,952) related to certain charges, fees and expenses borne by the Manager. The balance with the Manager is unsecured, interest-free and repayable on demand.

6. SOFT COMMISSION ARRANGEMENTS

The Manager and its connected persons have not received any soft dollar commissions or entered into any soft dollar arrangements in respect of the management of the Sub-Fund 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 SFO 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.

People's Republic of China ("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/interest and capital gains) imposed on securities issued by PRC tax resident enterprises.

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 RMB374 (2017: RMB17,948).

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7. INCOME TAX (continued)

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知") 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"), no PRC withholding income tax ("WIT") provision is made on the gross realised and unrealised capital gains derived from investments in China A-Shares, except for those gross realised capital gains derived before 17 November 2014 from investments in China A-Shares issued by PRC tax resident companies which are "land rich companies" (i.e. at least 50% of the PRC tax resident company's assets are comprised, directly or indirectly, of immovable property situated in the PRC); and a 10% provision for PRC WIT is made for the gross realised capital gains derived before 17 November 2014 by the Sub-Fund from investments in China A-Shares issued by PRC tax resident companies which are land rich companies.

No capital gains tax provision was made for the year ended 31 December 2018 (2017: Nil).

8. DISTRIBUTIONS

The Manager may in 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.

During the year ended 31 December 2018, the Sub-Fund made interim distribution of RMB10,635,960 (RMB17.7266 per unit on 600,000 units) on 28 February 2018.

During the year ended 31 December 2017, there were no distribution to unitholders from the Sub-Fund.

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9. THE REDEEMABLE UNITS

	2018 Number of units	2017 Number of units
Units in issue at the beginning and at the end of the year	<u>600,000</u>	<u>600,000</u>
	RMB	RMB
Net asset value attributable to unitholders at the end of the year	<u>190,807</u>	<u>10,180,242</u>
Net asset value per unit at the end of the year	<u>0.3180</u>	<u>16.9671</u>

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

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

Units are denominated in RMB and no fractions of a unit shall be created or issued by the Trustee. Units of the Sub-Fund are offered and issued at their dealing net asset value only in aggregation of a specified number of units (an "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)	190,807	10,354,379
Recognition of preliminary expense (Note)	<u>-</u>	<u>(174,137)</u>
Net assets attributable to unitholders (per financial statements)	<u>190,807</u>	<u>10,180,242</u>

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9. THE REDEEMABLE UNITS (continued)

<u>At 31 December 2018</u>	Net assets per unit (Note) RMB	Net assets per unit (per financial statements) RMB
Net assets attributable to unitholders per unit	<u>0.3180</u>	<u>0.3180</u>
<u>At 31 December 2017</u>	Net assets per unit (Note) RMB	Net assets per unit (per financial statements) RMB
Net assets attributable to unitholders per unit	<u>17.2573</u>	<u>16.9671</u>

Note:

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 RMB	2017 RMB
Financial assets designated as at fair value through profit or loss:		
Listed equity securities	<u>12,419</u>	<u>9,899,599</u>

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

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.

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11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

<u>2018</u>	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	-	12,419	-	12,419
<u>2017</u>	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	9,684,292	119,332	95,975	9,899,599

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 year ended 31 December 2018, there has been transfers of investments from Level 3 to Level 1 due to resumption of trading.

Transfers between Level 1 and Level 3

As at 31 December 2018, there were no transfers from Level 1 to Level 3.

As at 31 December 2017, the Sub-Fund reclassified three listed equity securities, amounted to RMB67,431 from Level 1 to Level 3 financial instruments due to suspension. These listed equity securities suspended trading as at 31 December 2017 and were still suspended from trading during the period between the end of the reporting period (i.e. 31 December 2017) and the date of authorisation of the Sub-Fund's financial statements for the year ended 31 December 2017. As at 31 December 2018, all of these listed equity securities have been reclassified to Level 1 due to resumption of trading in 2018.

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.

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11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Transfers between Level 2 and Level 3

As at 31 December 2018, there were no transfers from Level 2 to Level 3.

As at 31 December 2018, one of the listed equity securities temporarily suspended trading and resumed from suspension before the authorisation of the financial statements for the year ended 31 December 2018. As at 31 December 2018, the listed equity security has been reclassified from Level 3 to Level 2.

As at 31 December 2017, the Sub-Fund reclassified one listed equity security amounted to RMB12,495, from Level 2 to Level 3 financial instruments due to suspension. 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.

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 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 on year end date

In the absence of a quoted price in an active market, the Manager applied market approach in which they have used the last traded price before their trading suspension trading 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 period end. To the extent that the significant inputs are observable, the Sub-Fund categorises these investments as Level 2.

Listed equity securities suspended on year end date and has not resumed 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 period end, for which there is an absence of quoted prices, the fair value was estimated by the Manager by multiplying the estimated forecast earnings per share ("Forecast EPS") of the investment by the industry average Price to Earnings Ratio ("P/E ratio") and then adjusting the valued price by a liquidity discount. Such valuation method is generally accepted in the industry. The model incorporates unobservable data inputs, which include industry average P/E ratio, assumptions regarding Forecast EPS and the liquidity discount rate. The Sub-Fund classifies the fair value of these investments as Level 3.

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11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Valuation process for Level 3 valuations

The valuation of suspended investment is performed on a quarterly basis by the portfolio manager or when the suspended investments are more than certain thresholds of the net asset value of the Sub-Fund and reviewed by the senior management of the Manager. The latest valuation is compared with the valuations in the preceding periods. 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 be applied to support the valuation arising from the chosen method.

Quantitative information of significant unobservable inputs – Level 3

Description	RMB	Valuation technique	Unobservable input	Range
As at 31 December 2018				
Equity security	-*	Adjusted NAV	Adjusted NAV	N/A
As at 31 December 2017				
Equity securities	95,975	Price to earnings ("P/E") multiple/ last trade price	Average industry P/E Forecast EPS Liquidity discount	16.17 to 44.93 0.18 to 3.53 20% to 30%

* There is one equity security categorised as Level 3 as at 31 December 2018, which is valued at nil amount using the adjusted NAV model

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11. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

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

The following table demonstrates the sensitivity of the fair value of investments as at the end of the period to a reasonably possible change in the inputs, with all other variables held constant.

As at 31 December 2017

	Input	Change in the input	Effect on the fair value of investment RMB	Effect on the net assets attributable to unitholders RMB
Equity securities	Average industry P/E	+5%	5,000	5,000
	Average industry P/E	-5%	(5,000)	(5,000)
	Forecast EPS	+5%	5,000	5,000
	Forecast EPS	-5%	(5,000)	(5,000)
	Liquidity discount	+10%	(13,000)	(13,000)
	Liquidity discount	-10%	13,000	13,000

Level 3 reconciliation

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3 for the year ended 31 December 2018 and 31 December 2017:

	Financial assets designated as fair value through profit or loss equity securities 2018 RMB	Financial assets designated as fair value through profit or loss equity securities 2017 RMB
At 1 January	95,975	93,980
Net change in unrealised loss	(16,049)	(11)
Transfer out of Level 3 to Level 2	(12,495)	-
Transfer out of Level 3 to Level 1	(67,431)	(77,920)
Transfer from Level 1 into Level 3	-	67,431
Transfer from Level 2 into Level 3	-	12,495
At 31 December	-	95,975
Total (losses)/gains for the year included in profit or loss for assets held at the end of reporting period	(28,532)	7,241

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12. CASH AND BANK BALANCES

The cash at banks held with the RQFII Custodian and the Custodian of the Sub-Fund, was placed into accounts bearing floating interest.

13. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

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

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

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

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 CSI 300 Index as at 31 December 2018 (2017: Nil).

14. FINANCIAL RISK AND MANAGEMENT OBJECTIVES AND POLICIES

Risk management

Risk is inherent in the Sub-Fund's activities, but it is managed through a process of ongoing identification, measurement and monitoring. The Manager is responsible for identifying and controlling risks. In perspective of risk management, the Sub-Fund's objective is to create and protect value for unitholders.

The Sub-Fund is exposed to market risk (which includes equity price risk, interest rate risk and currency risk), credit risk and counterparty risk and liquidity risk arising from the financial instruments it holds.

(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 variables, either caused by factors specific to the individual instrument or factors affecting all instruments in the market.

(i) Equity price risk

The Sub-Fund invested substantially all of its assets in A-Shares of those PRC companies comprising the Index in substantially the same weightings as constituted in the CSI 300 Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the Index.

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

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

	Fair value RMB	% of net asset value
A-Shares holdings - By Sectors		
Financials	<u>12,419</u>	<u>6.51%</u>
	<u><u>12,419</u></u>	<u><u>6.51%</u></u>

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

	Fair value RMB	% of net asset value
A-Shares holdings - By Sectors		
Consumer Discretionary	1,178,428	11.57%
Consumer Staples	823,147	8.09%
Energy	224,274	2.20%
Financials	3,827,975	37.61%
Health Care	521,510	5.12%
Industrials	1,342,515	13.16%
Information Technology	826,800	8.13%
Materials	678,328	6.68%
Telecommunication Services	217,253	2.13%
Utilities	<u>259,369</u>	<u>2.55%</u>
	<u><u>9,899,599</u></u>	<u><u>97.24%</u></u>

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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)

Sensitivity analysis in the event of a possible change in the Index by 5% as estimated by the Manager

As at 31 December 2018, if the CSI 300 Index was to increase by 5% with all other variables held constant, this would increase the pre-tax profit for the period by approximately RMB620 (2017: RMB495,000). Conversely, if the CSI 300 Index was to decrease by 5%, this would decrease the pre-tax profit for the period by an approximately equal amount.

(ii) Interest rate risk

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

The Manager considers that the Sub-Fund is not subject to significant risk due to fluctuations in the prevailing level of market interest rate. As the Sub-Fund has no investments in fixed income assets, the Manager considers that changes in the fair value in the event of a change in market interest rates will not be material. Therefore, no sensitivity analysis is presented.

(iii) Currency risk

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

Approximately 100% of the Sub-Fund's sales and purchases were 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 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.

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

Risk management (continued)

(b) Credit and counterparty risk (continued)

The Manager's policy is to closely monitor the creditworthiness of the Sub-Fund's counterparties (e.g., brokers, custodian and banks) by reviewing their credit ratings, financial statements and press releases on a regular basis.

The Sub-Fund's financial assets which are potentially subject to concentrations of counterparty risk consist principally of bank deposits and assets held with the Custodian. The table below summarises the Sub-Fund's assets placed with a bank and the RQFII Custodian and their related credit ratings from Standard & Poor's ("S&P"):

As at 31 December 2018

	RMB	Credit rating	Source of credit rating
Bank			
Bank of China (Hong Kong) Limited	84,663	A+	S&P
Bank of China Limited	93,777	A	S&P
RQFII Custodian			
Bank of China Limited	12,419	A	S&P

As at 31 December 2017

	RMB	Credit rating	Source of credit rating
Bank			
Bank of China (Hong Kong) Limited	138,662	A+	S&P
Bank of China Limited	211,495	A	S&P
RQFII Custodian			
Bank of China Limited	9,899,599	A	S&P

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

The Manager considers that none of these assets are impaired nor past due as at 31 December 2018.

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

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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 HKFRS 9's impairment requirements

The Sub-Fund's financial assets subject to the ECL model within HKFRS 9 are only cash and bank balances. As at 31 December 2018, the total of cash and bank balances was RMB178,440 on which no loss allowance had been provided (2017: total of RMB541,176 on which no loss had been incurred). 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 year.

In calculating the loss allowance, a provision matrix has been used based on historical observed loss rates over the expected life of the receivables adjusted for forward-looking estimates. Items have been grouped by their nature into the following categories: cash and bank balances, other receivable, deposit reserve – China Exchange Clearing and amounts due from Manager. All the Sub-Fund's cash and cash equivalents are held in major financial institutions located in Hong Kong and Mainland China, which the Manager believes are of high credit quality. The Manager considers the Sub-Fund is not exposed to significant credit risk and no loss allowance has been made.

Maximum exposure and year-end staging as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Sub-Fund's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018.

	12-month expected <u>credit losses</u>		Lifetime expected <u>credit losses</u>		Simplified approach RMB	Total RMB
	Stage 1 RMB	Stage 2 RMB	Stage 3 RMB			
Financial asset						
Cash and bank balances						
- Not yet past due	178,440	-	-	-	-	178,440
Total	<u>178,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,440</u>

Maximum exposure as at 31 December 2017

The carrying amounts of cash and bank balances and other receivable except for prepayments represent the Sub-Fund's maximum exposure to credit risk in relation to financial assets. All the Sub-Fund's cash and bank balances are held in major financial institution, which the Manager believes are of high credit quality. The Manager consider that the Sub-Fund does not have a significant concentration of credit risk.

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

Risk management (continued)

(b) Credit and counterparty risk (continued)

Financial assets not subject to HKFRS 9's impairment requirements

The Sub-Fund is exposed to credit risk on equity instruments. These classes of financial assets are not subject to HKFRS 9's impairment requirements as they are measured at FVPL. The carrying value of these assets, under both HKAS 39 (2017) and HKFRS 9 impairment requirements on the respective reporting dates. Hence, no separate maximum exposure to credit risk disclosure is provided for these instruments.

(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 cash redemptions of its redeemable units on a regular basis. 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 liabilities at the end of the reporting period based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Sub-Fund's financial assets (undiscounted where appropriate) in order to provide a complete view of the Sub-Fund's contractual commitments and liquidity.

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.

Financial assets

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.

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

Risk management (continued)

(c) Liquidity risk (continued)

At 31 December 2018	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	12,419	-	12,419
Cash and bank balances	<u>178,440</u>	<u>-</u>	<u>178,440</u>
Total financial assets	<u>190,859</u>	<u>-</u>	<u>190,859</u>
	Less than 1 month RMB	1 to 12 months RMB	Total RMB
<u>Financial liabilities</u>			
Other payables and accruals	<u>-</u>	<u>25</u>	<u>25</u>
Total financial liabilities	<u>-</u>	<u>25</u>	<u>25</u>

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

Risk management (continued)

(c) Liquidity risk (continued)

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	9,712,564	187,035	9,899,599
Financial assets included in prepayment and other receivables	-	45	45
Due from the Manager	-	190,952	190,952
Cash and bank balances	350,157	-	350,157
Deposit reserve	-	22	22
Total financial assets	<u>10,062,721</u>	<u>378,054</u>	<u>10,440,775</u>
<u>Financial liabilities</u>			
Trustee and custodian fees payable	10,000	-	10,000
Other payables and accruals	<u>104,930</u>	<u>145,571</u>	<u>250,501</u>
Total financial liabilities	<u>114,930</u>	<u>145,571</u>	<u>260,501</u>

Capital management

The Sub-Fund's capital is represented by its net assets attributable to unitholders. The Sub-Fund strives to invest the subscription proceeds of redeemable 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 stated in the prospectus.

Pursuant to the announcement dated 15 December 2017, the Manager has notified to all its existing investors regarding its liquidation plan of the Sub-Fund. No creation of units of the Sub-Fund in the primary market through any participating dealers would be allowed from 18 December 2017. The Sub-Fund have ceased trading on SEHK from 16 January 2018. No redemption of units of the Sub-Fund in the primary market would be accepted from the Trading Cessation Date.

NOTES TO FINANCIAL STATEMENTS

31 December 2018

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

Capital management (continued)

From the Trading Cessation Date, the Manager starts to realise all the assets of the Sub-Fund and the Sub-Fund mainly holds cash and the suspended stocks and therefore ceases to track the underlying index and is not able to meet the investment objectives of tracking the performance of the underlying index.

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 as a single operating segment which is investing in securities. The objectives of the Sub-Fund are to track the performance of its respective index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned to the characteristics of the tracked index.

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

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

The Sub-Fund has no assets classified as non-current assets.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 26 April 2019.

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
 (A sub-fund of China Universal International ETF Series)

INVESTMENT PORTFOLIO

31 December 2018

	Holdings Shares	Market Value RMB	% of NAV
<u>Financial assets at fair value through profit or loss</u>			
Listed Securities			
China (100%)			
Telecommunication Services			
BEIJING XINWEI TECHNOLOGY GROUP CO LTD	1,278	-	0.00%
Financials			
ZHONGTIAN FINANCIAL GROUP CO LTD	2,550	12,419	6.51%
TOTAL INVESTMENTS, AT FAIR VALUE		<u>12,419</u>	<u>6.51%</u>
TOTAL INVESTMENTS, AT COST		<u>46,302</u>	

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

MOVEMENTS IN INVESTMENT PORTFOLIO

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
AECC AERO-ENGINE CONTROLS CO LTD	400	-	-	(400)	-
AECC AVIATION POWER CO LTD	710	-	-	(710)	-
AGRICULTURAL BANK OF CHINA LTD	33,472	-	-	(33,472)	-
AIER EYE HOSPITAL GROUP CO LTD	600	-	-	(600)	-
AIR CHINA LTD	1,600	-	-	(1,600)	-
AISINO CO LTD	1,048	-	-	(1,048)	-
ALPHA GROUP	404	-	-	(404)	-
ALUMINUM CORP OF CHINA LTD	3,700	-	-	(3,700)	-
ANGANG STEEL CO LTD	1,500	-	-	(1,500)	-
ANHUI CONCH CEMENT CO LTD	1,630	-	-	(1,630)	-
ANXIN TRUST CO LTD	1,600	-	-	(1,600)	-
AURORA OPTOELECTRONICS CO LTD	480	-	-	(480)	-
AVIC AIRCRAFT CO LTD	1,208	-	-	(1,208)	-
AVIC CAPITAL CO LTD	4,109	-	-	(4,109)	-
AVIC HELICOPTER CO LTD	300	-	-	(300)	-
BAIYIN NONFERROUS GROUP CO LTD	700	-	-	(700)	-
BANK OF BEIJING CO LTD	12,797	-	-	(12,797)	-
BANK OF CHINA LTD	18,469	-	-	(18,469)	-
BANK OF COMMUNICATIONS CO LTD	22,476	-	-	(22,476)	-
BANK OF GUIYANG CO LTD	1,300	-	-	(1,300)	-
BANK OF HANGZHOU CO LTD	100	-	-	(100)	-
BANK OF JIANGSU CO LTD	5,700	-	-	(5,700)	-
BANK OF NANJING CO LTD	4,178	-	-	(4,178)	-
BANK OF NINGBO CO LTD	2,178	-	-	(2,178)	-
BANK OF SHANGHAI CO LTD	390	-	-	(390)	-
BAOSHAN IRON & STEEL CO LTD	7,202	-	-	(7,202)	-
BBMG CORP	1,700	-	-	(1,700)	-
BEIJING CAPITAL CO LTD	2,200	-	-	(2,200)	-
BEIJING CAPITAL DEVELOPMENT CO LTD	1,100	-	-	(1,100)	-
BEIJING DABEINONG TECHNOLOGY GROUP CO LTD	2,343	-	-	(2,343)	-
BEIJING ENLIGHT MEDIA CO LTD	1,020	-	-	(1,020)	-

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
BEIJING ORIENT LANDSCAPE & ENVIRONMENT CO LTD	1,000	-	-	(1,000)	-
BEIJING ORIGINWATER TECHNOLOGY CO LTD	1,725	-	-	(1,725)	-
BEIJING SANJU ENVIRONMENTAL PROTECTION AND NEW MATERIAL CO LTD	750	-	-	(750)	-
BEIJING SHIJI INFORMATION TECHNOLOGY CO LTD	300	-	-	(300)	-
BEIJING SHOUGANG CO LTD	800	-	-	(800)	-
BEIJING TONGRENTANG CO LTD	501	-	-	(501)	-
BEIJING XINWEI TECHNOLOGY GROUP CO LTD	1,100	1	177	-	1,278
BOE TECHNOLOGY GROUP CO LTD	20,800	-	-	(20,800)	-
BOHAI CAPITAL HLDG CO LTD	1,700	-	-	(1,700)	-
BYD CO LTD	792	-	-	(792)	-
CENTRAL CHINA SECURITIES CO LTD	400	-	-	(400)	-
CHANGJIANG SECURITIES CO LTD	3,039	-	-	(3,039)	-
CHINA AVIONICS SYSTEMS CO LTD	668	-	-	(668)	-
CHINA CITIC BANK CORP LTD	2,929	-	-	(2,929)	-
CHINA COAL ENERGY CO LTD	1,500	-	-	(1,500)	-
CHINA COMMUNICATIONS CONSTRUCTION CO LTD	1,400	-	-	(1,400)	-
CHINA CONSTRUCTION BANK CORP	5,468	-	-	(5,468)	-
CHINA CSSC HLDGS LTD	631	-	-	(631)	-
CHINA EASTERN AIRLINES CORP LTD	3,300	-	-	(3,300)	-
CHINA EVERBRIGHT BANK CO LTD	11,753	-	-	(11,753)	-
CHINA FILM CO LTD	300	-	-	(300)	-
CHINA FORTUNE LAND DEVELOPMENT CO LTD	826	-	-	(826)	-
CHINA GALAXY SECURITIES CO LTD	300	-	-	(300)	-
CHINA GEZHOUBA GROUP CO LTD	2,270	-	-	(2,270)	-
CHINA GRAND AUTOMOTIVE SERVICES CO LTD	1,950	-	-	(1,950)	-

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
CHINA HAINAN RUBBER INDUSTRY GROUP CO LTD	1,462	-	-	(1,462)	-
CHINA HIGH-SPEED RAILWAY TECHNOLOGY CO LTD	700	-	-	(700)	-
CHINA INTL TRAVEL SERVICE CORP LTD	800	-	-	(800)	-
CHINA LIFE INSURANCE CO LTD	1,378	-	-	(1,378)	-
CHINA MERCHANTS BANK CO LTD	9,476	-	-	(9,476)	-
CHINA MERCHANTS ENERGY SHIPPING CO LTD	2,100	-	-	(2,100)	-
CHINA MERCHANTS SECURITIES CO LTD	2,497	-	-	(2,497)	-
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD	1,935	-	-	(1,935)	-
CHINA MINSHENG BANKING CORP LTD	20,699	-	-	(20,699)	-
CHINA MOLYBDENUM CO LTD	900	-	-	(900)	-
CHINA NATIONAL CHEMICAL ENGINEERING CO LTD	1,000	-	-	(1,000)	-
CHINA NATIONAL NUCLEAR POWER CO LTD	3,800	-	-	(3,800)	-
CHINA NORTHERN RARE EARTH GROUP HI-TECH CO LTD	1,997	-	-	(1,997)	-
CHINA NUCLEAR ENGINEERING GROUP CO	500	-	-	(500)	-
CHINA PACIFIC INSURANCE (GROUP) CO LTD	3,302	-	-	(3,302)	-
CHINA PETROLEUM & CHEMICAL CORP	7,690	-	-	(7,690)	-
CHINA RAILWAY CONSTRUCTION CORP LTD	3,400	-	-	(3,400)	-
CHINA RAILWAY GROUP LTD	4,548	-	-	(4,548)	-
CHINA SHENHUA ENERGY CO LTD	1,812	-	-	(1,812)	-
CHINA SHIPBUILDING INDUSTRY CO LTD	7,980	-	-	(7,980)	-
CHINA SHIPBUILDING INDUSTRY GROUP POWER CO LTD	800	-	-	(800)	-
CHINA SOUTHERN AIRLINES CO LTD	3,214	-	-	(3,214)	-
CHINA SPACESAT CO LTD	455	-	-	(455)	-
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD	12,248	-	-	(12,248)	-

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
(A sub-fund of China Universal International ETF Series)

MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
CHINA UNITED NETWORK COMMUNICATIONS LTD	7,929	-	-	(7,929)	-
CHINA VANKE CO LTD	3,975	-	-	(3,975)	-
CHINA YANGTZE POWER CO LTD	5,597	-	-	(5,597)	-
CHINESE UNIVERSE PUBLISHING AND MEDIA CO LTD	700	-	-	(700)	-
CHONGQING CHANGAN AUTOMOBILE CO LTD	1,784	-	-	(1,784)	-
CHONGQING ZHIFEI BIOLOGICAL PRODUCTS CO LTD	400	-	-	(400)	-
CITIC GUOAN INFORMATION INDUSTRY CO LTD	2,750	-	-	(2,750)	-
CITIC HEAVY INDUSTRIES CO LTD	1,200	-	-	(1,200)	-
CITIC SECURITIES CO LTD	6,476	-	-	(6,476)	-
COSCO SHIPPING DEVELOPMENT CO LTD	3,400	-	-	(3,400)	-
COSCO SHIPPING HLDGS CO LTD	3,300	-	-	(3,300)	-
CRRC CORP LTD	5,998	-	-	(5,998)	-
CSSC OFFSHORE AND MARINE ENGINEERING GROUP CO LTD	200	-	-	(200)	-
DAQIN RAILWAY CO LTD	4,846	-	-	(4,846)	-
DATANG INTL POWER GENERATION CO LTD	2,500	-	-	(2,500)	-
DHC SOFTWARE CO LTD	1,884	-	-	(1,884)	-
DONG-E E-JIAO CO LTD	380	-	-	(380)	-
DONGXING SECURITIES CO LTD	500	-	-	(500)	-
DONGXU OPTOELECTRONIC TECHNOLOGY CO LTD	3,300	-	-	(3,300)	-
DR PENG TELECOM & MEDIA GROUP CO LTD	1,205	-	-	(1,205)	-
EAST MONEY INFORMATION CO LTD	2,592	-	-	(2,592)	-
EVERBRIGHT SECURITIES CO LTD	1,200	-	-	(1,200)	-
FIBERHOME TELECOMMUNICATION TECHNOLOGIES CO LTD	400	-	-	(400)	-
FINANCIAL STREET HLDGS CO LTD	985	-	-	(985)	-
FIRST CAPITAL SECURITIES CO LTD	1,720	-	-	(1,720)	-
FOCUS MEDIA INFORMATION TECHNOLOGY CO LTD	4,280	-	-	(4,280)	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
FOUNDER SECURITIES CO LTD	3,771	-	-	(3,771)	-
FUTURE LAND HLDGS CO LTD	800	-	-	(800)	-
FUYAO GLASS INDUSTRY GROUP CO LTD	1,286	-	-	(1,286)	-
GD POWER DEVELOPMENT CO LTD	9,643	-	-	(9,643)	-
GEMDALE CORP	1,823	-	-	(1,823)	-
GF SECURITIES CO LTD	2,130	-	-	(2,130)	-
GIANT NETWORK GROUP CO LTD	1,120	-	-	(1,120)	-
GOERTEK INC	1,626	-	-	(1,626)	-
GREAT WALL MOTOR CO LTD	1,311	-	-	(1,311)	-
GREE ELECTRIC APPLIANCES INC	4,334	-	-	(4,334)	-
GREENLAND HLDGS CORP LTD	2,200	-	-	(2,200)	-
GUANGSHEN RAILWAY CO LTD	2,800	-	-	(2,800)	-
GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HLDGS CO LTD	612	-	-	(612)	-
GUANGZHOU HAIGE COMMUNICATIONS GROUP INC CO	1,800	-	-	(1,800)	-
GUIZHOU BAILING GROUP PHARMACEUTICAL CO LTD	400	-	-	(400)	-
GUOSEN SECURITIES CO LTD	1,400	-	-	(1,400)	-
GUOTAI JUNAN SECURITIES CO LTD	3,100	-	-	(3,100)	-
GUOXUAN HIGH-TECH CO LTD	520	-	-	(520)	-
GUOYUAN SECURITIES CO LTD	1,686	-	-	(1,686)	-
HAINAN AIRLINES HLDG CO LTD	7,700	-	-	(7,700)	-
HAITONG SECURITIES CO LTD	7,157	-	-	(7,157)	-
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD	3,260	-	-	(3,260)	-
HANGZHOU ROBAM APPLIANCES CO LTD	200	-	-	(200)	-
HAN'S LASER TECHNOLOGY INDUSTRY GROUP CO LTD	733	-	-	(733)	-
HENAN SHUANGHUI INVESTMENT & DEVELOPMENT CO LTD	805	-	-	(805)	-
HESTEEL CO LTD	3,600	-	-	(3,600)	-
HITHINK ROYALFLUSH INFORMATION NETWORK CO LTD	100	-	-	(100)	-
HUAAN SECURITIES CO LTD	500	-	-	(500)	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
HUADONG MEDICINE CO LTD	510	-	-	(510)	-
HUALAN BIOLOGICAL ENGINEERING INC	320	-	-	(320)	-
HUANENG POWER INTL INC	3,400	-	-	(3,400)	-
HUATAI SECURITIES CO LTD	2,406	-	-	(2,406)	-
HUAXIA BANK CO LTD	4,646	-	-	(4,646)	-
HUAYI BROTHERS MEDIA CORP	1,799	-	-	(1,799)	-
HUAYU AUTOMOTIVE SYSTEMS CO LTD	1,258	-	-	(1,258)	-
HUBEI BIOCAUSE PHARMACEUTICAL CO LTD	1,100	-	-	(1,100)	-
HUNDSUN TECHNOLOGIES INC	500	-	-	(500)	-
IFLYTEK CO LTD	838	-	-	(838)	-
INDUSTRIAL & COMMERCIAL BANK OF CHINA LTD	20,862	-	-	(20,862)	-
INDUSTRIAL BANK CO LTD	10,907	-	-	(10,907)	-
INDUSTRIAL SECURITIES CO LTD	4,300	-	-	(4,300)	-
INNER MONGOLIA JUNZHENG ENERGY & CHEMICAL GROUP CO LTD	2,768	-	-	(2,768)	-
INNER MONGOLIA YILI INDUSTRIAL GROUP CO LTD	5,475	-	-	(5,475)	-
INNER MONGOLIAN BAOTOU STEEL UNION CO LTD	11,220	-	-	(11,220)	-
JIANGSU BICON PHARMACEUTICAL LISTED CO	200	-	-	(200)	-
JIANGSU BROADCASTING CABLE INFORMATION NETWORK CORP LTD	780	-	-	(780)	-
JIANGSU GUOXIN CORP LTD	600	-	-	(600)	-
JIANGSU HENGRUI MEDICINE CO LTD	1,614	-	-	(1,614)	-
JIANGSU PROTRULY VISION TECHNOLOGY GROUP CO LTD	900	-	-	(900)	-
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD	468	-	-	(468)	-
JIANGSU ZHANGJIAGANG RURAL COMMERCIAL BANK CO LTD	100	-	-	(100)	-
JIANGSU ZHONGNAN CONSTRUCTION GROUP CO LTD	600	-	-	(600)	-
JIANGSU ZHONGTIAN TECHNOLOGIES CO LTD	1,100	-	-	(1,100)	-

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
JIANGXI COPPER CO LTD	833	-	-	(833)	-
JIANGXI GANFENG LITHIUM CO LTD	400	-	-	(400)	-
JIHUA GROUP CORP LTD	1,500	-	-	(1,500)	-
JILIN AODONG MEDICINE INDUSTRY GROUPS CO LTD	745	-	-	(745)	-
JINDUICHENG MOLYBDENUM CO LTD	1,290	-	-	(1,290)	-
KANGDE XIN COMPOSITE MATERIAL GROUP CO LTD	1,722	-	-	(1,722)	-
KANGMEI PHARMACEUTICAL CO LTD	2,550	-	-	(2,550)	-
KINGENTA ECOLOGICAL ENGINEERING GROUP CO LTD	1,400	-	-	(1,400)	-
KWEICHOW MOUTAI CO LTD	425	-	-	(425)	-
LEPU MEDICAL TECHNOLOGY BEIJING CO LTD	900	-	-	(900)	-
LESHI INTERNET INFORMATION & TECHNOLOGY CORP BEIJING	2,200	-	-	(2,200)	-
LIAONING CHENG DA CO LTD	1,002	-	-	(1,002)	-
LOMON BILLIONS GROUP CO LTD	500	-	-	(500)	-
LONGI GREEN ENERGY TECHNOLOGY CO LTD	1,100	-	-	(1,100)	-
LUXSHARE PRECISION INDUSTRY CO LTD	958	-	-	(958)	-
LUZHOU LAOJIAO CO LTD	641	-	-	(641)	-
MEINIAN ONEHEALTH HEALTHCARE HLDGS CO LTD	600	-	-	(600)	-
METALLURGICAL CORP OF CHINA LTD	4,900	-	-	(4,900)	-
MIDEA GROUP CO LTD	3,967	-	-	(3,967)	-
MUYUAN FOODSTUFF CO LTD	300	-	-	(300)	-
NANJING XINJIEKOU DEPARTMENT STORE CO LTD	200	-	-	(200)	-
NARI TECHNOLOGY CO LTD	1,164	-	-	(1,164)	-
NEW CHINA LIFE INSURANCE CO LTD	820	-	-	(820)	-
NEW HOPE LIUHE CO LTD	1,514	-	-	(1,514)	-
NINGBO PORT CO LTD	3,800	-	-	(3,800)	-
NORTHEAST SECURITIES CO LTD	1,560	-	-	(1,560)	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
OFFSHORE OIL ENGINEERING CO LTD	2,330	-	-	(2,330)	-
ORIENT SECURITIES CO LTD	1,300	-	-	(1,300)	-
OURPALM CO LTD	1,400	-	-	(1,400)	-
PACIFIC SECURITIES CO LTD	5,460	-	-	(5,460)	-
PERFECT WORLD CO LTD	300	-	-	(300)	-
PETROCHINA CO LTD	5,659	-	-	(5,659)	-
PING AN BANK CO LTD	7,073	-	-	(7,073)	-
PING AN INSURANCE GROUP CO OF CHINA LTD	9,505	-	-	(9,505)	-
POLY REAL ESTATE GROUP CO LTD	5,859	-	-	(5,859)	-
POWER CONSTRUCTION CORP OF CHINA LTD	3,800	-	-	(3,800)	-
QINGDAO HAIER CO LTD	2,489	-	-	(2,489)	-
QINGHAI SALT LAKE INDUSTRY CO LTD	1,339	-	-	(1,339)	-
RISESUN REAL ESTATE DEVELOPMENT CO LTD	1,342	-	-	(1,342)	-
S F HLDG CO LTD	100	-	-	(100)	-
SAIC MOTOR CORP LTD	3,392	-	-	(3,392)	-
SANAN OPTOELECTRONICS CO LTD	2,016	-	-	(2,016)	-
SANY HEAVY INDUSTRY CO LTD	3,865	-	-	(3,865)	-
SDIC ESSENCE HLDGS CO LTD	1,000	-	-	(1,000)	-
SDIC POWER HLDGS CO LTD	3,100	-	-	(3,100)	-
SEALAND SECURITIES CO LTD	2,530	-	-	(2,530)	-
SEARAINBOW HLDG CORP	659	-	-	(659)	-
SHAANXI COAL INDUSTRY CO LTD	2,200	-	-	(2,200)	-
SHANDONG GOLD MINING CO LTD	599	-	-	(599)	-
SHANDONG LINGLONG TYRE CO LTD	100	-	-	(100)	-
SHANDONG NANSHAN ALUMINUM CO LTD	4,500	-	-	(4,500)	-
SHANGHAI BAILIAN GROUP CO LTD	856	-	-	(856)	-
SHANGHAI CONSTRUCTION GROUP CO LTD	2,790	-	-	(2,790)	-
SHANGHAI ELECTRIC GROUP CO LTD	3,000	-	-	(3,000)	-
SHANGHAI ELECTRIC POWER CO LTD	800	-	-	(800)	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
SHANGHAI FOSUN					
PHARMACEUTICAL GROUP CO LTD	920	-	-	(920)	-
SHANGHAI INTL AIRPORT CO LTD	882	-	-	(882)	-
SHANGHAI INTL PORT GROUP CO LTD	2,669	-	-	(2,669)	-
SHANGHAI LUJIAZUI FINANCE & TRADE ZONE DEVELOPMENT CO LTD	584	-	-	(584)	-
SHANGHAI ORIENTAL PEARL MEDIA CO LTD	1,048	-	-	(1,048)	-
SHANGHAI PHARMACEUTICALS HLDG CO LTD	910	-	-	(910)	-
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD	9,582	-	-	(9,582)	-
SHANGHAI RAAS BLOOD PRODUCTS CO LTD	1,080	-	-	(1,080)	-
SHANGHAI SMI HLDG CO LTD	1,300	-	-	(1,300)	-
SHANGHAI TUNNEL ENGINEERING CO LTD	1,500	-	-	(1,500)	-
SHANGHAI ZHANGJIANG HI-TECH PARK DEVELOPMENT CO LTD	700	-	-	(700)	-
SHANXI MEIJIN ENERGY CO LTD	1,000	-	-	(1,000)	-
SHANXI SECURITIES CO LTD	1,300	-	-	(1,300)	-
SHANXI XISHAN COAL & ELECTRICITY POWER CO LTD	1,400	-	-	(1,400)	-
SHENWAN HONGYUAN GROUP CO LTD	4,917	-	-	(4,917)	-
SHENZHEN INOVANCE TECHNOLOGY CO LTD	800	-	-	(800)	-
SHENZHEN O-FILM TECH CO LTD	1,737	-	-	(1,737)	-
SHENZHEN OVERSEAS CHINESE TOWN CO LTD	3,010	-	-	(3,010)	-
SHENZHEN SALUBRIS PHARMACEUTICALS CO LTD	300	-	-	(300)	-
SHENZHEN SUNWAY COMMUNICATION CO LTD	600	-	-	(600)	-
SHENZHEN ZHONGJIN LINGNAN NONFEMET CO LTD	1,680	-	-	(1,680)	-
SIASUN ROBOT & AUTOMATION CO LTD	880	-	-	(880)	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
SICHUAN CHUANTOU ENERGY CO LTD	1,800	-	-	(1,800)	-
SINOLINK SECURITIES CO LTD	2,088	-	-	(2,088)	-
SINOPEC OILFIELD SERVICE CORP SINOPEC SHANGHAI PETROCHEMICAL CO LTD	500	-	-	(500)	-
SONGCHENG PERFORMANCE DEVELOPMENT CO LTD	1,200	-	-	(1,200)	-
SOOCHOW SECURITIES CO LTD	500	-	-	(500)	-
SOUTHWEST SECURITIES CO LTD	1,398	-	-	(1,398)	-
SPRING AIRLINES CO LTD	3,006	-	-	(3,006)	-
SUNING COMMERCE GROUP CO LTD	200	-	-	(200)	-
SUOFEIYA HOME COLLECTION CO LTD	3,408	-	-	(3,408)	-
SUZHOU GOLD MANTIS CONSTRUCTION DECORATION CO LTD	500	-	-	(500)	-
SUZHOU VICTORY PRECISION MANUFACTURE CO LTD	1,543	-	-	(1,543)	-
TASLY PHARMACEUTICAL GROUP CO LTD	1,700	-	-	(1,700)	-
TBEA CO LTD	643	-	-	(643)	-
TCL CORP	3,529	-	-	(3,529)	-
TIANQI LITHIUM CORP	6,726	-	-	(6,726)	-
TONGLING NONFERROUS METALS GROUP CO LTD	575	-	-	(575)	-
TRIANGLE TYRE CO LTD	3,765	-	-	(3,765)	-
TSINGHUA TONGFANG CO LTD	100	-	-	(100)	-
TUS-SOUND ENVIRONMENTAL RESOURCES CO LTD	1,121	-	-	(1,121)	-
UNISPLENDOUR CORP LTD	468	-	-	(468)	-
WANDA FILM HLDG CO LTD	100	-	50	(150)	-
WANGSU SCIENCE & TECHNOLOGY CO LTD	1,171	-	-	(1,171)	-
WANHUA CHEMICAL GROUP CO LTD	1,420	-	-	(1,420)	-
WANXIANG QIANCHAO CO LTD	1,632	-	-	(1,632)	-
WEICHAH POWER CO LTD	3,960	-	-	(3,960)	-
WESTERN SECURITIES CO LTD	1,638	-	-	(1,638)	-
WINTIME ENERGY CO LTD	4,280	-	-	(4,280)	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
WUCHAN ZHONGDA GROUP CO LTD	1,365	-	-	(1,365)	-
WUHU SHUNRONG SANQI INTERACTIVE ENTERTAINMENT NETWORK TECHNOLOGY CO LTD	200	-	-	(200)	-
WULIANGYE YIBIN CO LTD	1,724	-	-	(1,724)	-
XCMG CONSTRUCTION MACHINERY CO LTD	4,763	-	-	(4,763)	-
XIAMEN C&D INC	1,196	-	-	(1,196)	-
XIAMEN TUNGSTEN CO LTD	300	-	-	(300)	-
XINHU ZHONGBAO CO LTD	2,891	-	-	(2,891)	-
XINJIANG GOLDWIND SCIENCE & TECHNOLOGY CO LTD	1,863	-	-	(1,863)	-
YANGO GROUP CO LTD	1,400	-	-	(1,400)	-
YANZHOU COAL MINING CO LTD	283	-	-	(283)	-
YONGHUI SUPERSTORES CO LTD	4,200	-	-	(4,200)	-
YONYOU NETWORK TECHNOLOGY CO LTD	618	-	-	(618)	-
YOUNGOR GROUP CO LTD	2,579	-	-	(2,579)	-
YOUZU INTERACTIVE CO LTD	300	-	-	(300)	-
YTO EXPRESS GROUP CO LTD	100	-	-	(100)	-
YUNNAN BAIYAO GROUP CO LTD	377	-	-	(377)	-
ZHANGZHOU PIENZEHUANG PHARMACEUTICAL CO LTD	100	-	-	(100)	-
ZHEJIANG CENTURY HUATONG GROUP CO LTD	100	-	-	(100)	-
ZHEJIANG CHINA COMMODITIES CITY GROUP CO LTD	2,226	-	-	(2,226)	-
ZHEJIANG CHINT ELECTRICS CO LTD	300	-	-	(300)	-
ZHEJIANG DAHUA TECHNOLOGY CO LTD	1,245	-	-	(1,245)	-
ZHEJIANG HUAYOU COBALT CO LTD	200	-	-	(200)	-
ZHEJIANG IDC FLUID CONTROL CO LTD	300	-	-	(300)	-
ZHEJIANG LONGSHENG GROUP CO LTD	1,880	-	-	(1,880)	-
ZHEJIANG ZHENENG ELECTRIC POWER CO LTD	3,180	-	-	(3,180)	-

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MOVEMENTS IN INVESTMENT PORTFOLIO (continued)

31 December 2018

	Holdings As at 1 January 2018	Additions	Corporate Action	Disposals	Holdings As at 31 December 2018
<u>Financial assets at fair value through profit or loss (continued)</u>					
Listed Securities					
ZHENGZHOU YUTONG BUS CO LTD	1,215	-	-	(1,215)	-
ZHONGJIN GOLD CORP LTD	1,435	-	-	(1,435)	-
ZHONGTIAN FINANCIAL GROUP CO LTD	1,700	-	850	-	2,550
ZIJIN MINING GROUP CO LTD	9,516	-	-	(9,516)	-
ZOOMLION HEAVY INDUSTRY SCIENCE AND TECHNOLOGY CO LTD	3,616	-	-	(3,616)	-
ZTE CORP	2,103	-	-	(2,103)	-

CHINA UNIVERSAL INTERNATIONAL ETF SERIES – C-SHARES CSI 300 INDEX ETF
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PERFORMANCE RECORD

31 December 2018

1. NET ASSET VALUE

	Net asset value per unit RMB	Total net asset value RMB
As at 31 December 2018	<u>0.3180</u>	<u>190,807</u>
As at 31 December 2017	<u>16.9671</u>	<u>10,180,242</u>
As at 31 December 2016	<u>13.7480</u>	<u>8,248,788</u>

2. HIGHEST ISSUE AND LOWEST REDEMPTION PRICES PER UNIT

	Highest issue unit price RMB	Lowest redemption unit price RMB
Year ended 31 December 2018 ¹	<u>18.0612</u>	<u>17.4866</u>
Year ended 31 December 2017	<u>18.1233</u>	<u>14.6004</u>
Year ended 31 December 2016	<u>17.3603</u>	<u>14.0090</u>
Year ended 31 December 2015	<u>27.3506</u>	<u>15.7425</u>
Year ended 31 December 2014	<u>18.1320</u>	<u>10.3942</u>
For the period from 3 July 2013 (date of inception) to 31 December 2013	<u>12.4495</u>	<u>10.8339</u>

¹ The period is up to 15 January 2018 (last trading day)

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PERFORMANCE RECORD (continued)

31 December 2018

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 year/period:

	CSI 300 Index	RMB counter of the Sub-Fund	HKD counter of the Sub-Fund
During the year/period ended:			
For the period from 1 January 2018 to 15 January 2018 (last trading day)	4.82%	4.09%	4.32%
31 December 2017	21.78%	15.79%	27.76%
31 December 2016	-11.28%	-16.30%	-24.44%
31 December 2015	5.58%	3.42%	-1.59%
31 December 2014	51.66%	53.50%	50.14%
31 December 2013 ¹	7.69%	5.93%	7.66%

¹ Year of inception