

平成 27 年 12 月期 中間決算短信 (平成 27 年 1 月 1 日～平成 27 年 6 月 30 日)  
Interim Earnings Report for Fiscal Year ending December 2015 (January 1, 2015 – June 30, 2015)

2015 年 9 月 11 日  
September 11, 2015

フ ァ ン ド 名 南方 FTSE 中国 A 株 50 ETF 上場取引所 東  
コ ー ド 番 号 1576 売買単位 10 口  
連 動 対 象 指 標 FTSE 中国 A50 インデックス  
主 要 投 資 資 産 株式  
管 理 会 社 中国南方アセット・マネジメント・リミテッド  
U R L <http://www.csopasset.com/en/home/index.php>  
代 表 者 (役職名) 最高経営責任者 (氏名) 丁 晨  
問 合 せ 先 責 任 者 (役職名) アンダーソン・毛利・友 (氏名) 平川 修 (TEL)03(6888)1000  
常法律事務所 弁護士

Fund name: CSOP FTSE China A50 ETF Listed Exchange: TSE  
Code: 1576 Trading unit: 10 units  
Underlying indicator: FTSE China A50 Index  
Primary invested assets: Shares  
Management co.: CSOP Asset Management Limited  
URL: <http://www.csopasset.com/en/home/index.php>  
Representative: (Title) Chief Executive Officer (Name) Ding Chen  
Contact person: (Title) Anderson Mori & Tomotsune, (Name) Osamu Hirakawa (TEL)03(6888)1000  
Attorney-at-law

半期報告書提出予定日 平成 27 年 9 月  
Scheduled submission date of Semi-annual Report: September 2015

I ファンドの運用状況  
I Fund Management

1. 平成 27 年 6 月中間期の運用状況 (平成 27 年 1 月 1 日～平成 27 年 6 月 30 日)  
1. Management Status for Half-Year ended June 2015 (from January 1, 2015 to June 30, 2015)

(1) 信託財産である外国 ETF の資産内訳

(百万円未満切捨て)

(1) Assets of Trust Asset Foreign ETF

(amounts below 1 mil. yen are discarded)

	主要投資資産 Primary Invested Assets		現金・預金・その他の資産 (負債控除後) Cash/Deposits/Other Assets (excluding liabilities)		合計 (純資産) Total (Net Assets)	
	金額 Amount	構成比 ratio	金額 Amount	構成比 ratio	金額 Amount	構成比 ratio
	百万円 JPY mil.	%	百万円 JPY mil.	%	百万円 JPY mil.	%
27 年 6 月中間期 SAN ended June 2015	488,760	99.46	2,674	0.54	491,435	100
26 年 12 月期 FY ended December 2014	602,712	99.99	27	0.01	602,732	100

## (2) 信託財産である外国 ETF の設定・交換実績

## (2) Creation and Redemption of Trust Asset Foreign ETF

	前計算期間末発行済口数 No. of Issued Units at End of Previous Calculation Period (①)	設定口数 No. of Units Created (②)	交換口数 No. of Units Redeemed (③)	当中間計算期間末発行済口数 No. of Units in Issue at End of Semi-annual Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
27 年 6 月中間期 SAN ended June 2015	2,649,500	1,306,500	2,024,500	1,931,500
26 年 12 月期 FY ended December 2014	2,920,000	2,877,500	3,148,000	2,649,500

## (3) 信託財産である外国 ETF の基準価額

## (3) Net Asset Value of Trust Asset Foreign ETF

	総資産 Total Assets (①)	負債 Liabilities (②)	純資産 Net Assets (③(①-②))	1 口当たり基準価額 ((③/当中間計算期間末 (前計算期間 末) 発行済口数)×1) Net Asset Value per 1 unit ((③/No. of Units in Issue at End of Semi-annual Period (Previous Calculation Period))×1)
	百万円 JPY mil.	百万円 JPY mil.	百万円 JPY mil.	円 JPY
27 年 6 月中間期 SAN ended June 2015	507,063	15,628	491,435	254
26 年 12 月期 FY ended December 2014	624,867	22,135	602,732	227

## (4) 上場外国 ETF 信託受益証券に係る設定・交換実績

## (4) Creation and Redemption of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

	前計算期間末発行済口数 No. of Issued Units at End of Previous Calculation Period (①)	設定口数 No. of Units Created (②)	交換口数 No. of Units Redeemed (③)	当中間計算期間末発行済口数 No. of Issued Units at End of Semi-annual Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
27 年 6 月中間期 SAN ended June 2015	600	0	150	450
26 年 12 月期 FY ended December 2014	1,400	0	800	600

(5) 上場外国 ETF 信託受益証券の分配金

(5) Dividend Payment of Listed Foreign ETF Trust Beneficiary Certificates (JDR)

	1 口当たり分配金 Dividend per 1 unit
	円 JPY
27 年 6 月中間期 SAN ended June 2015	0
26 年 12 月 期 FY ended December 2014	14

注) 日本円への換算は、1 人民元 = 19.96 円 (2015 年 7 月 31 日東京時間午後 5 時現在のブルームバーグによる米国ドル/人民元 (CNH) 及び米国ドル/日本円の仲値) により計算されています。

Note: Conversion into Japanese yen has been calculated at the exchange rate of RMB 1.00 = JPY 19.96, which represents the middle rates for USD-RMB and USD-JPY as of 17:00 Tokyo time on July 31, 2015 as published by Bloomberg.

2. 信託財産である外国 ETF の会計方針の変更

2. Change in Accounting Policies of Trust Asset Foreign ETF

(1) 会計基準等の改正に伴う会計方針の変更 : 無

(1) Changes accompanying revision to accounting standards, etc. : No

(2) (1) 以外の会計方針の変更 : 無

(2) Changes other than those in (1) : No



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

**CSOP FTSE CHINA A50 ETF**  
(A sub-fund of CSOP ETF Series)

Semi-Annual Report  
FOR THE PERIOD ENDED 30 JUNE 2015

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**CONTENTS**

	<b>Page</b>
Report of the Manager to the Unitholders	1- 2
Condensed Statement of Financial Position	3
Condensed Statement of Comprehensive Income	4
Condensed Statement of Changes in Net Assets Attributable to Unitholders	5
Condensed Statement of Cash Flows	6
Notes to the Unaudited Condensed Financial Statements	7 - 22
Investment Portfolio (Unaudited)	23 - 24
Statement of Movements in Investment Portfolio (Unaudited)	25 - 27
Performance Record (Unaudited)	28
Management and Administration	29

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**REPORT OF THE MANAGER TO THE UNITHOLDERS**

**Introduction**

The CSOP FTSE China A50 ETF (the “CSOP A50 ETF”), a sub-fund of the CSOP ETF Series, is a unit trust authorized under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. It was launched on 23 August 2012 and commenced trading in RMB under the stock code 82822 on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 28 August 2012; following the SEHK’s dual counter model, the CSOP A50 ETF started trading in HKD under the stock code 02822 on the SEHK on 8 November 2012. The CSOP A50 ETF is benchmarked against the FTSE China A50 Index (the “A50 Index”) and adopts the full-replication strategy. The Manager and RQFII Holder of the CSOP A50 ETF is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP A50 ETF is a physical ETF which invests directly in the A50 Index securities through the RQFII quotas of the Manager and Shanghai-Hong Kong Stock Connect. Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets. Meanwhile, from November 17, 2014, foreign investors can trade eligible stocks listed in Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect. The Manager has obtained RQFII status and the total RQFII quotas obtained by the Manager amount to RMB46.1 billion as of 30 June 2015. The Manager also traded A shares listed in Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect.

The FTSE China A50 Index (the “Index”) is compiled and published by FTSE International Limited. It comprises the top 50 A-Share companies from both the Shanghai and Shenzhen markets by market capitalisation. The Index operates under clearly defined rules published by the index provider and is a tradable index.

**Capital Gains Tax (“CGT”) Treatment**

Rules governing taxes on capital gains derived by QFIIs or RQFIIs from the trading of PRC Securities (including China A-Shares) was announced on November 14, 2014. According to the rules, investors are required to pay capital gain tax derived from realized equity investment gain before November 14, 2014. And investors are not required to pay capital gain tax from November 17, 2014. Therefore, the Manager provisioned to withhold 10% of realised capital gains since inception date of the CSOP A50 ETF to November 14, 2014 and reversed previously provided withholding tax on unrealized capital gain back to the fund. The Manager did not provision any withholding tax after November 17 2014.

**Fund Performance**

The CSOP A50 ETF seeks to provide investment results, before fees and expenses, which closely correspond to the performance of the Index. As of 30 June 2015, the dealing Net Asset Value (“NAV”) per unit of the CSOP A50 ETF was RMB 12.7475 and there were 1,931,500,000 units outstanding. The total asset under management was approximately RMB 24.62 billion.

As at 30 June 2015, the NAV of CSOP A50 ETF RMB counter (stock code 82822) performed 11.85% while the index performed 11.45%. The difference in performance between the NAV of the CSOP A50 ETF and the Index is mainly attributed to dividends, fees and expenses, including tax on dividends. YTD Price return of the RMB counter (stock code 82822) was 11.84%.

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**REPORT OF THE MANAGER TO THE UNITHOLDERS (continued)**

**Exchange Liquidity**

Since inception, the CSOP A50 ETF has attracted great investor attention from investors across the globe. The trading value of the RMB counter (stock code: 82822) remained steadily at an average daily turnover of RMB 90 million in June 2015. The trading value of the HKD counter (stock code: 02822) remained steadily at an average daily turnover of HKD 3.92 billion in June 2015. The fund's high liquidity often placed it in the top 3 most heavily traded ETFs on the SEHK. The trading volume for the CSOP A50 ETF reflected strong interest in the CSOP A50 ETF.

**Portfolio Rebalance**

The CSOP A50 ETF adopts full-replication strategy to track the Index. Since inception, the Sub-Fund has experienced twelve quarterly index rebalances.

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**CONDENSED STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2015*

		30 June 2015 (Unaudited) RMB	31 December 2014 (Audited) RMB
	<i>Notes</i>		
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Deposit reserve		4,144,000	9,744,000
		-----	-----
<b>CURRENT ASSETS</b>			
Investments	7(c),8(a)	24,487,229,281	30,195,508,721
Dividend receivable		192,454	-
Interest receivable		49,069	17,406
Bank balances	7(c)	912,052,262	1,100,950,201
		-----	-----
		25,399,523,066	31,296,476,328
		-----	-----
<b>Total assets</b>		25,403,667,066	31,306,220,328
		-----	-----
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Provision for taxation	6	55,577,523	55,577,523
Amounts due to participating dealers		706,686,794	1,025,177,102
Management fee payable	7(a)	18,536,245	26,186,658
Other accounts payable		1,701,974	2,364,860
		-----	-----
		782,502,536	1,109,306,143
		-----	-----
<b>Total liabilities</b>		782,502,536	1,109,306,143
		-----	-----
<b>EQUITY</b>			
<b>Net assets attributable to unitholders</b>	4	24,621,164,530	30,196,914,185
		=====	=====

*The notes on pages 7 to 22 form part of these unaudited condensed financial statements.*



**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**CONDENSED STATEMENT OF COMPREHENSIVE INCOME**

*For the period ended 30 June 2015*

		Period from 1 January 2015 to 30 June 2015 (Unaudited) RMB	Period from 1 January 2014 to 30 June 2014 (Unaudited) RMB
	<i>Notes</i>		
<b>INCOME</b>			
Dividend income		198,875,712	438,910,827
Interest income		611,492	490,096
Net gain/(loss) on investments	5	3,678,055,204	(1,426,462,955)
Other income		60,370,085	15,893,124
<b>Total net income/(loss)</b>		<u>3,937,912,493</u>	<u>(971,168,908)</u>
		-----	-----
<b>EXPENSES</b>			
Management fee	7(a)	(123,141,495)	(107,729,876)
Trustee fee	7(b)	(10,625,239)	(9,379,855)
Transaction costs on investments		(75,005,087)	(20,156,051)
Audit fee		(198,614)	(87,021)
Safe custody and bank charges		(431,937)	(108,762)
Legal and other professional fee		(88,765)	(1,292)
Other operating expenses		(277,592)	(533,067)
<b>Total operating expenses</b>		<u>(209,768,729)</u>	<u>(137,995,924)</u>
		-----	-----
Operating profit/(loss)		<u>3,728,143,764</u>	<u>(1,109,164,832)</u>
		-----	-----
<b>Taxation</b>	6	<u>(19,948,719)</u>	<u>73,974,623</u>
		-----	-----
<b>Total comprehensive income/(loss)</b>		<u><u>3,708,195,045</u></u>	<u><u>(1,035,190,209)</u></u>

*The notes on pages 7 to 22 form part of these unaudited condensed financial statements.*

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
*For the period ended 30 June 2015*

	Period from 1 January 2015 to 30 June 2015 (Unaudited) RMB	Period from 1 January 2014 to 30 June 2014 (Unaudited) RMB
Net assets attributable to unitholders at the beginning of the period	30,196,914,185	20,863,824,165
Proceeds on issue of units	15,576,522,800	9,953,738,650
Payments on redemption of units	(24,860,467,500)	(4,556,087,750)
Net (decrease)/increase from unit transactions	(9,283,944,700)	5,397,650,900
Total comprehensive income for the period	3,708,195,045	(1,035,190,209)
<b>Net assets attributable to unitholders at the end of the period</b>	<b>24,621,164,530</b>	<b>25,226,284,856</b>

*The notes on pages 7 to 22 form part of these unaudited condensed financial statements.*

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**CONDENSED STATEMENT OF CASH FLOWS**  
*For the period ended 30 June 2015*

	Period from 1 January 2015 to 30 June 2015 (Unaudited) RMB	Period from 1 January 2014 to 30 June 2014 (Unaudited) RMB
<b>OPERATING ACTIVITIES</b>		
Payments for purchase of investments	(20,659,456,686)	(10,751,478,039)
Proceeds from sale of investments	30,045,791,330	5,360,149,260
Dividend received	198,683,258	438,910,827
Interest received	579,829	477,034
Other income received	60,370,085	15,893,124
Management fee paid	(130,791,908)	(104,892,016)
Transaction costs paid	(75,005,087)	(20,156,051)
Taxation paid	(19,948,719)	(48,272,828)
Other operating expenses paid	(12,285,033)	(12,019,732)
Deposit reserve returned/(paid)	5,600,000	(2,240,000)
<b>Net cash generated from/(used in) operating activities</b>	<b>9,413,537,069</b>	<b>(5,123,628,421)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds on issue of units	15,576,522,800	9,953,738,650
Amounts paid to participating dealers	(318,490,308)	(55,947,377)
Payments on redemption of units	(24,860,467,500)	(4,556,087,750)
<b>Net cash (used in)/generated from financing activities</b>	<b>(9,602,435,008)</b>	<b>5,341,703,523</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(188,897,939)</b>	<b>218,075,102</b>
Cash and cash equivalents at the beginning of the period	1,100,950,201	263,768,161
Cash and cash equivalents at the end of the period	912,052,262	481,843,263
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	912,052,262	481,843,263
	912,052,262	481,843,263

*The notes on pages 7 to 22 form part of these unaudited condensed financial statements.*

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS**

**1. GENERAL INFORMATION**

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its a trust deed dated 25 July 2012, as amended, (the “Trust Deed”) and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance. The terms of the Trust Deed are governed by the laws of Hong Kong. As at 30 June 2015, the Trust has four sub-funds which are CSOP FTSE China A50 ETF (the “Sub-Fund”), CSOP CES China A80 ETF, CSOP SZSE ChiNext ETF, and CSOP MSCI T50 ETF. The date of inception of the Sub-Fund was 23 August 2012. The Sub-Fund is listed on The Stock Exchange of Hong Kong Limited. CSOP Asset Management Limited, the manager of the Sub-Fund, applied and obtained approval to list Japan Depository Receipt (“JDR”) which represents units of the Sub-Fund on the Tokyo Stock Exchange (“TSE”). The JDR which represents units of the Sub-Fund was listed on the TSE on 27 February 2013.

The manager and the trustee of the Sub-Fund are CSOP Asset Management Limited (the “Manager”) and HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) respectively.

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the underlying index, namely, FTSE China A50 Index. In order to achieve the investment objective of the Sub-Fund, the Manager will adopt a full replication strategy by directly investing all, or substantially all, of the assets of the Sub-Fund in index securities constituting the underlying index in substantially the same weightings (i.e. proportions) as these index securities have in the underlying index. The Manager may also use a representative sampling strategy in exceptional circumstances.

The Sub-Fund has been using FTSE China A50 price return index as its underlying index since its inception in August 2012. The type of the underlying index of the Sub-Fund has changed from price return index to net total return index from 27 February 2015. The Manager believes that the change to the type of the underlying index will not only reduce the cash dragging but also its tracking error of the Sub-Fund.

Under current regulations in the People’s Republic of China (“PRC”), generally foreign investors can invest only in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a Qualified Foreign Institutional Investor (“QFII”) or a Renminbi Qualified Foreign Institutional Investor (“RQFII”) from the China Securities Regulatory Commission (“CSRC”) and have been granted quota(s) by the State Administration of Foreign Exchange (“SAFE”) of the PRC to remit foreign freely convertible currencies (in the case of a QFII) and Chinese Renminbi (“RMB”) (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets.

The Sub-Fund obtains exposure to securities issued within the PRC through the RQFII quotas of the Manager. The Manager has obtained RQFII status in the PRC and the RQFII quotas have been granted, on behalf of the Sub-Fund. To the extent that the Manager has, on behalf of the Sub-Fund, utilised its entire RQFII quota, the Manager may, subject to any applicable requirements, apply for an increase of the RQFII quota. On the other hand, the Manager actively manages the RQFII quota obtained and may impose limits on creation applications as it considers appropriate.

These condensed financial statements are prepared for the Sub-Fund only. The condensed financial statements for CSOP CES China A80 ETF, CSOP SZSE ChiNext ETF and CSOP MSCI T50 ETF have been prepared separately.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

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

These condensed semi-annual financial statements for the six months ended 30 June 2015 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed semi-annual financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in the annual financial statements.

New standards and amendments to standards effective after 1 January 2015 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund.

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. HKFRS 9 will be effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Manager of the Sub-Fund is yet to assess HKFRS 9's full impact.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Manager of the Sub-Fund is assessing the impact of HKFRS 15.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a material impact on the Sub-Fund.

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

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

**People's Republic of China ("PRC") tax provision**

In preparing these condensed financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

The Sub-Fund invests in A-Shares securities which are issued within the PRC through the RQFII quotas of the Manager. Under the general taxing provision of PRC Corporate Income Tax Law, a 10% withholding tax may be payable on the gains derived from the sale of A-Shares by RQFIIs. The Manager considers that the enforcement of PRC tax on gains on A-Shares is uncertain as at the date of approval of these condensed financial statements and has exercised its judgment when assessing whether the Sub-Fund may be liable for taxation on its gains, the amount of potential tax liability and the probability of such tax charges being levied up to the reporting date. However, significant uncertainties exist and estimation of the Manager may substantially differ from the actual events. The Manager considers that its estimation may be impacted by any future clarification by the PRC State Administration of Taxation ("SAT") and the applicability of double tax treaty between Hong Kong and China for Hong Kong tax residents, which may be materially different from what the Manager envisioned.

For the financial year ended 31 December 2014

*Reversal of tax provision as at 17 February 2014*

As a result of the development of RQFII regime together with the Manager's accumulated knowledge about withholding income tax ("WIT") on PRC A-Shares; the Manager has reassessed the WIT provisioning approach after the year ended 31 December 2013. After careful consideration of the reassessment and having taken and considered independent professional tax advice obtained after the financial year ended 31 December 2013 relating to the Sub-Fund's eligibility to benefit from the arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (the "Arrangement"), and in accordance with such advice, the Manager held a view that the Sub-Fund is a Hong Kong tax resident for the purpose of the Arrangement and should be able to enjoy certain WIT exemption on gross capital gains derived from the alienation of the shares of non-immovable properties-rich China A-Shares companies under Arrangement; the Manager has determined that, with effect from 17 February 2014 (the "Effective Date"):

- (i) no WIT provision will be made on the gross unrealised and realised capital gains derived from trading of PRC A-Shares, except for those gross capital gains derived from trading of PRC A-Shares issued by PRC tax resident companies which 50% or more of the PRC tax resident company's assets are comprised, directly or indirectly, of immovable property situated in the PRC within 3 years prior to alienation of their shares by the Sub-Fund (an "immovable properties-rich company").

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)**

**People's Republic of China ("PRC") tax provision (continued)**

- (ii) a 10% provision for WIT will continue to be made for the gross unrealised and realised capital gains derived by the Sub-Fund from trading of PRC A-Shares issued by PRC tax resident companies which are immovable properties-rich companies.

Notice issued on 14 November 2014

On 14 November 2014, 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") jointly issued the "Notice on temporary exemption of Corporate Income Tax on capital gains derived from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII" ("the "Notice").

According to the Notice, amongst other things:

- (i) QFIIs and RQFIIs, which do not have an establishment or place of business in the PRC or have an establishment or place in the PRC but the income so derived in the PRC is not effectively connected with such establishment, will be temporarily exempt from corporate income tax on gains derived from the transfer of PRC equity investment assets (including China A-Shares) effective from 17 November 2014;
- (ii) PRC corporate income tax will be imposed on gains by QFIIs and RQFIIs from transfer of equity investment assets (including China A-Shares) realised prior to 17 November 2014 in accordance with laws.

As a result of the issue of the Notice, the Manager has decided on the following changes to the tax provisioning policy of the Sub-Fund:

- (i) The Sub-Fund has ceased to provide PRC withholding income tax for realised gains on investments in China A-Shares on or after 17 November 2014;
- (ii) No PRC withholding income tax provision is made for unrealized gains for China A-shares. The tax provision made in relation to unrealised gains on the Fund's investments in China A-Shares issued by PRC tax resident companies which are immovable properties-rich companies of RMB36,013,751 has been released on 17 November 2014; and
- (iii) The Sub-Fund has made capital gains tax provision for the gross realised gains derived from trading of China A-Shares, since the Sub-Fund's inception date of 23 August 2012 up to and including 14 November 2014, in the amount of RMB52,528,451. This excludes the realised gains derived from the Sub-Fund's trading of A-Shares issued by immovable properties-rich companies (for which the capital gain tax provision of RMB3,049,072 had already been made for the period from 23 August 2012 (date of inception) up to and including 14 November 2014 previously). The total capital gains tax provision in relation to A-Shares investments of the Sub-Fund amounted to RMB55,577,523 representing 0.18% of the net assets attributable to unitholders of the Sub-Fund as at 31 December 2014. Refer to Note 6 for more details.

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)**

**People's Republic of China ("PRC") tax provision (continued)**

The Manager considers that the capital gains tax provision amount for gross realised capital gains derived by the Sub-Fund from trading of PRC Investments prior to 17 November 2014 may differ significantly from the amounts that may have to be ultimately borne by the Sub-Fund. In the event a capital gains tax is levied at an amount that is different from what was provided by the Sub-Fund, the Sub-Fund may incur a liability that is different from the existing tax provision, which could be significantly impact the net assets attributable to unitholders of redeemable units and consequently, the price per unit of the Sub-Fund based on the calculation of the net assets attributable to unitholders of redeemable units when distributing to the unitholders of redeemable units at such relevant time. When the SAT issues clarifications on the enforcement of withholding tax on such gains, this might ultimately result in either an increase or a decrease in the amount provided.

The Manager reviews the relevant PRC tax rules on the PRC Investments from time to time, including the likelihood of the Sub-Fund benefiting from double tax treaty agreements between Hong Kong and PRC for Hong Kong tax residents. Any change in taxation imposed on QFII's is likely to have a subsequent impact on the required provision and accordingly the net assets attributable to unitholders of the Sub-Fund. When the SAT issues clarifications, this might ultimately result in either an increase or a decrease in the amount provided. The Manager will act in the best interest of unitholders and will continually assess the tax provision on an on-going basis.

For the period ended 30 June 2015

On 1 April 2015, The Third Branch of Shanghai Municipal Office, SAT and The Third Branch of Shanghai Municipal Bureau of Local Taxation jointly issued the Notice on Tax Issues to notify that the QFII/RQFII shall declare and handle the tax-related issues concerning the gains from transfer of equity investment assets, including A-Shares, realised prior to 17 November 2014 to the Authority before 30 September 2015 in accordance with the relevant PRC tax law and the Notice. Those QFII/RQFII's eligible for treaty relief under an applicable tax treaty should follow the requirement of Circular 124 for tax treaty application.

The Manager is in the process of engaging a tax advisor to file their tax return and required documents by 30 September 2015.



**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

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

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

In accordance with the provisions of the Trust's Trust Deed dated 25 July 2012, as amended, and the Prospectus of the Sub-Fund, investments are stated at the last traded price on the valuation day for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculations.

Redeemable units of the Sub-Fund are classified as equity and they are carried at the redemption amount that would be payable at the reporting date if the unitholder exercised the right to redeem the units in the Sub-Fund.

The movements of the redeemable units for the period ended 30 June 2015 and 2014 are as follows:

	Period from 1 January 2015 to 30 June 2015 (Unaudited)	Period from 1 January 2014 to 30 June 2014 (Unaudited)
Number of units in issue at the beginning of the period	2,649,500,000	2,920,000,000
Units issued	1,306,500,000	1,444,000,000
Units redeemed	(2,024,500,000)	(687,500,000)
Number of units in issue at the end of the period	<u>1,931,500,000</u>	<u>3,676,500,000</u>
	2015 RMB	2014 RMB
Net assets attributable to unitholders per unit at 30 June (Unaudited)	<u>12.7472</u>	<u>6.8615</u>
	2014 RMB	2013 RMB
Net assets attributable to unitholders per unit at 31 December (Audited)	<u>11.3972</u>	<u>7.1451</u>

**5. NET GAIN/(LOSS) ON INVESTMENTS**

	Period from 1 January 2015 to 30 June 2015 (Unaudited) RMB	Period from 1 January 2014 to 30 June 2014 (Unaudited) RMB
Net fair value change in unrealised gain/loss in value of investments	(6,319,766,395)	(742,970,162)
Net realised gain/(loss) on sale of investments	<u>9,997,821,599</u>	<u>(683,492,793)</u>
	<u>3,678,055,204</u>	<u>(1,426,462,955)</u>

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**6. TAXATION**

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

PRC tax

The Sub-Fund invests in A-Shares listed in the PRC and is subjected to 10% withholding tax on dividend income derived from A-Shares. Withholding tax was charged on dividend income received from A-Shares during the period. A 10% withholding tax may also be payable on the gains derived from the sale of A-Shares by RQFIIs as described in Note 3 above.

The taxation of the Sub-Fund for the period ended 30 June 2015 and 2014 represents:

	Period from 1 January 2015 to 30 June 2015 (Unaudited) <i>RMB</i>	Period from 1 January 2014 to 30 June 2014 (Unaudited) <i>RMB</i>
Capital gains tax reversed on realised gains on investments	-	(41,901,504)
Deferred tax reversed on change in unrealised gains on investments	-	(80,345,947)
	-	(122,247,451)
Withholding tax on dividend income	19,887,570	48,223,818
Withholding tax on interest income	61,149	49,010
	19,948,719	48,272,828
Taxation	19,948,719	(73,974,623)

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**6. TAXATION (continued)**

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

	As at 30 June 2015 (Unaudited) RMB
At the beginning of the period	55,577,523
Taxation charged to the condensed statement of comprehensive income for the period	19,948,719
Tax paid	(19,948,719)
	<hr/>
At the end of the period	55,577,523
	<hr/>

**7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS**

The following is a summary of significant related party transactions/transactions entered into during the period between the Sub-Fund and the Trustee, the Manager and their Connected Persons. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong (the “SFC Code”). All transactions entered into during the period between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager’s knowledge, the Sub-Fund does not have any other transactions with Connected Persons except for those disclosed below.

**(a) Management fee**

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

**(b) Trustee fee and Registrar’s fee**

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

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

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS (continued)**

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

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

**(c) Financial assets**

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

	As at 30 June 2015 (Unaudited) RMB	As at 31 December 2014 (Audited) RMB
<b>Investments</b>		
HSBC Bank (China) Company Limited	24,487,229,281	30,195,508,721
<b>Bank balances</b>		
The Hongkong and Shanghai Banking Corporation Limited	20,216,145	1,099,780,914
HSBC Bank (China) Company Limited	891,836,117	1,169,287
	912,052,262	1,100,950,201

**8. FINANCIAL RISK MANAGEMENT**

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

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

**(a) Market risk**

**(i) Market price risk**

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

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

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**8. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market risk (continued)**

**(i) Market price risk (continued)**

As at 30 June 2015 and 31 December 2014, the Sub-Fund's investments were concentrated in the following industries:

	As at 30 June 2015		As at 31 December 2014	
	Fair value RMB	% of net asset value	Fair value RMB	% of net asset value
Listed equities – by industry				
Basic materials	422,007,117	1.71	575,364,878	1.91
Consumer goods	1,893,231,076	7.70	2,955,844,509	9.78
Consumer services	326,460,889	1.33	-	-
Financials	16,141,840,893	65.55	21,095,145,904	69.87
Industrials	4,233,981,725	17.21	3,846,295,233	12.73
Oil & gas	681,894,224	2.77	839,354,906	2.78
Technology	30,010,270	0.12	43,632,685	0.14
Telecommunications	352,793,142	1.43	361,930,125	1.20
Utilities	405,009,945	1.64	477,940,481	1.59
	<u>24,487,229,281</u>	<u>99.46</u>	<u>30,195,508,721</u>	<u>100.00</u>

The Sub-Fund held 50 out of 50 (31 December 2014: 50 out of 50) constituents comprising the FTSE China A50 Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the FTSE China A50 Index.

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

As at 30 June 2015, if the FTSE China A50 Index were to increase by 10% (31 December 2014: 10%) with all other variables held constant, this would increase the operating profit for the period by approximately RMB2,448,722,928 (31 December 2014: RMB3,019,550,872). Conversely, if the FTSE China A50 Index were to decrease by 10% (31 December 2014: 10%), this would decrease the operating profit for the period by an equal amount.

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**8. FINANCIAL RISK MANAGEMENT (continued)**

**(a) Market risk (continued)**

**(ii) Interest rate risk**

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

As at 30 June 2015 and 31 December 2014, interest rate risk arises only from bank balances. As the bank balances held by the Sub-Fund is short term in nature and the interest arising from these interest bearing assets are immaterial, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. As a result, the Manager considers sensitivity analysis of interest rate risk is not necessary to be presented.

**(iii) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund is not exposed to currency risk arising from balances and transactions in foreign currencies as the majority of its assets and liabilities are denominated in RMB, the Sub-Fund's functional and presentation currency. As a result, Managers considers sensitivity analysis of currency risk is not necessary to be presented.

**(b) Credit and counterparty risk**

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

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

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

As at 30 June 2015, the Sub-Fund placed bank balances of RMB20,216,145 (31 December 2014: RMB1,099,780,914) with The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), which is the custodian of the Sub-Fund. The S&P credit rating of HSBC is A (31 December 2014: AA-).

As at 30 June 2015, the Sub-Fund placed bank balances of RMB891,836,117 (31 December 2014: RMB1,169,287) and investments of RMB24,487,229,281 (31 December 2014: RMB30,195,508,721) with HSBC Bank (China) Company Limited ("HSBC China"), which is the PRC custodian of the Sub-Fund. The Moody's credit rating of HSBC China is A1 (31 December 2014: A1).

The maximum exposure to credit risk as at 30 June 2015 and 31 December 2014 is the carrying amount of the financial assets as shown on the condensed statement of financial position.

The Manager considers that none of assets are impaired nor past due as at 30 June 2015 and 31 December 2014.

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**8. FINANCIAL RISK MANAGEMENT (continued)**

**(c) Liquidity risk**

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

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

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

	Less than 1 month <i>RMB</i>	1 month to less than 3 months <i>RMB</i>	Over 3 months <i>RMB</i>	Total <i>RMB</i>
As at 30 June 2015				
Amounts due to participating dealers	706,686,794	-	-	706,686,794
Management fee payable	18,536,245	-	-	18,536,245
Other accounts payable	-	1,614,699	87,275	1,701,974
	<u>725,223,039</u>	<u>1,614,699</u>	<u>87,275</u>	<u>726,925,013</u>
Contractual cash outflow	<u>725,223,039</u>	<u>1,614,699</u>	<u>87,275</u>	<u>726,925,013</u>
As at 31 December 2014				
Amounts due to participating dealers	1,025,177,102	-	-	1,025,177,102
Management fee payable	26,186,658	-	-	26,186,658
Other accounts payable	-	2,238,200	126,660	2,364,860
	<u>1,051,363,760</u>	<u>2,238,200</u>	<u>126,660</u>	<u>1,053,728,620</u>
Contractual cash outflow	<u>1,051,363,760</u>	<u>2,238,200</u>	<u>126,660</u>	<u>1,053,728,620</u>

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**8. FINANCIAL RISK MANAGEMENT (continued)**

**(c) Liquidity risk (continued)**

Units are redeemed on demand at the unitholder's option. As at 30 June 2015, there was 1 (31 December 2014: 2) unitholder holding more than 10% of the Sub-Fund's units.

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

	Less than 1 month <i>RMB</i>	1 to 12 months <i>RMB</i>	No stated maturity <i>RMB</i>	Total <i>RMB</i>
<b>As at 30 June 2015</b>				
Total assets	<u>25,399,473,997</u>	<u>49,069</u>	<u>4,144,000</u>	<u>25,403,667,066</u>
<b>As at 31 December 2014</b>				
Total assets	<u>31,296,458,922</u>	<u>17,406</u>	<u>9,744,000</u>	<u>31,306,220,328</u>

**(d) Fair value estimation**

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

The determination of what constitutes "observable" requires significant judgment by the Sub-Fund. The Sub-Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.



**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**8. FINANCIAL RISK MANAGEMENT (continued)**

**(d) Fair value estimation (continued)**

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets (by class) measured at fair value at 30 June 2015 and 31 December 2014:

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
<b>As at 30 June 2015</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	24,487,229,281	-	-	24,487,229,281
Total assets	<u>24,487,229,281</u>	<u>-</u>	<u>-</u>	<u>24,487,229,281</u>
<b>As at 31 December 2014</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	30,195,508,721	-	-	30,195,508,721
Total assets	<u>30,195,508,721</u>	<u>-</u>	<u>-</u>	<u>30,195,508,721</u>

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. As at 30 June 2015 and 31 December 2014, the Sub-Fund did not hold any investments classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 30 June 2015 and 31 December 2014, the Sub-Fund did not hold any investments classified in level 3.

During the period ended 30 June 2015 and year ended 31 December 2014, there were no transfers between levels.

The assets and liabilities included in the condensed statement of financial position, other than financial assets and liabilities at fair value through profit or loss, are carried at amortised cost; their carrying value are approximation of fair value. There are no other assets and liabilities not carried at fair value but for which fair value is disclosed.

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**8. FINANCIAL RISK MANAGEMENT (continued)**

**(e) Capital risk management**

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

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

**9. DISTRIBUTION**

There is no distribution during the period ended 30 June 2015 and 30 June 2014.

**10. FINANCIAL INSTRUMENTS BY CATEGORY**

As of 30 June 2015 and 31 December 2014, other than investments as disclosed in the condensed financial statements which are classified as the financial assets at fair value through profit or loss, all financial assets including deposit reserve, dividend receivable, interest receivable and bank balances are categorised as loans and receivables and carried at amortised costs. All the financial liabilities of the Sub-Fund are carried at amortised cost.

The carrying value of the financial assets and liabilities are considered by the Manager to approximate their fair value as they are short term in nature and the effect of discounting is immaterial.

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

Pursuant to the SFC's Guidelines for Regulating Index Tracking Exchange Trade Funds (the "ETF Guidelines"), the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the underlying index, except where the weightings are exceeded as a result of changes in the composition of the underlying index and the excess is only transitional and temporary in nature.

The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the period ended 30 June 2015 and 31 December 2014.

There were no constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund and their respective weightings of the FTSE China A50 Index as at 30 June 2015 and 31 December 2014.

During the period ended 30 June 2015, the FTSE China A50 Index increased by 11.45% (during the year ended 31 December 2014: increased by 62.19%) while the net asset value per unit of the Sub-Fund increased by 11.85% (during the year ended 31 December 2014: increased by 59.51%).

**CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES)**

**NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS (continued)**

**12. SOFT COMMISSION ARRANGEMENT**

The Manager confirms that there has been no soft commission arrangements existing during the period in relation to directing transactions of the Sub-Fund through a broker or dealer.

**13. SEGMENT INFORMATION**

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

The Manager considers that the Sub-Fund has a single operating segment which is investing in securities. The objectives of the Sub-Fund are to track the performance of the FTSE China A50 Index and invest in substantially all the index constituents with security weight and industry weight that are closely aligned with the characteristics of the tracked index.

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

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

The total of non-current assets of the Sub-Fund located in PRC in RMB4,144,000 (31 December 2014: RMB9,744,000). The Sub-Fund has no other assets classified as non-current assets. As at 30 June 2015 and 31 December 2014, the Sub-Fund has a diversified portfolio of investments and no single investment accounts for more than 10% of the Sub-Fund's net asset value.

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**INVESTMENT PORTFOLIO (Unaudited)**

*As at 30 June 2015*

	<b>Holdings</b>	<b>Fair value RMB</b>	<b>% of net assets</b>
<b>Investments (99.46%)</b>			
<b>Listed Equities (99.46%)</b>			
<b>China (99.46%)</b>			
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	150,146,985	557,045,314	2.26
BANK OF BEIJING CO LTD ORD CNY1 CL A	42,522,737	566,402,857	2.30
BANK OF CHINA LTD A SHS ORD CNY1	131,549,902	643,279,021	2.61
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	95,749,255	788,973,861	3.20
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	21,516,414	188,053,458	0.76
BEIJING XINWEI TELECOM TECH GRP CO A SHRS CC ORD CNY1	683,761	30,010,270	0.12
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	117,539,700	610,031,043	2.48
BYD CO LTD A SHRS ORD CNY1	2,304,995	127,304,874	0.52
CHINA CITIC BANK CORP A SHRS ORD CNY1	18,132,855	139,804,312	0.57
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	8,619,640	151,360,878	0.61
CHINA CONSTRUCTION BANK A SHS ORD CNY1	51,352,812	366,145,550	1.49
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	79,065,341	423,790,228	1.72
CHINA LIFE INSURANCE CO A SHS ORD NPV	9,487,445	297,146,777	1.21
CHINA MERCHANTS BANK CO LTD A SHRS ORD CNY1	74,199,124	1,389,007,601	5.64
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	8,213,133	217,319,499	0.88
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	121,502,706	1,207,736,898	4.91
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	14,290,964	431,301,294	1.75
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	59,671,242	421,278,969	1.71
CHINA RAILWAY GROUP LTD A ORD CNY1	29,064,960	397,899,302	1.62
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	13,957,605	218,157,366	0.89
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	11,220,799	233,953,659	0.95
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	43,034,733	636,914,048	2.59
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	68,124,114	566,111,387	2.30
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	48,130,033	352,793,142	1.43
CHINA VANKE CO LTD A SHR ORD CNY1	47,204,661	685,411,678	2.78
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	17,724,582	254,347,752	1.03
CITIC SECURITIES CO LTD A SHR ORD CNY1	44,078,742	1,186,158,947	4.82
CRRC CORP LTD A SHR ORD CNY1	39,020,244	716,411,680	2.91
DAQIN RAILWAY CO LTD A SHS ORD CNY1	33,573,386	471,370,339	1.91
GF SECURITIES CO LTD A SHR ORD CNY1	13,102,011	296,760,549	1.21
GOUSEN SECURITIES CO LTD	6,972,486	174,939,674	0.71
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	1,564,457	66,896,181	0.27

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**INVESTMENT PORTFOLIO (Unaudited)**

*As at 30 June 2015*

	<b>Holdings</b>	<b>Fair value RMB</b>	<b>% of net assets</b>
<b>Investments (99.46%) (continued)</b>			
<b>Listed Equities (99.46%) (continued)</b>			
<b>China (continued) (99.46%)</b>			
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	6,848,704	437,632,186	1.78
HAITONG SECURITIES CO LTD CL A ORD CNY1	34,015,429	741,536,352	3.01
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	6,034,737	270,356,218	1.10
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	10,738,574	150,662,193	0.61
HUATAI SECURITIES CO LTD A SHS ORD CNY1	13,031,475	301,418,017	1.22
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	137,690,316	727,004,869	2.95
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	64,853,256	1,118,718,666	4.54
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	2,329,139	600,102,663	2.44
MIDEA GROUP CO LTD A SHRS ORD CNY1	9,776,839	364,480,558	1.48
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	3,174,703	193,847,365	0.79
PETROCHINA CO LTD A SHRS CNY1	23,002,229	260,615,255	1.06
PING AN BANK CO LTD A SHR ORD CNY1	34,070,993	495,392,238	2.01
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	27,359,190	2,241,812,029	9.11
SAIC MOTOR CORP LTD A SHR ORD CNY1	13,133,390	296,814,614	1.21
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	5,554,000	82,921,220	0.34
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY 1	14,215,960	112,448,244	0.46
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	56,066,468	950,887,297	3.86
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	21,337,313	326,460,889	1.33
<b>Total Investments</b>		24,487,229,281	99.46
<b>Other net assets</b>		133,935,249	0.54
<b>Net assets attributable to unitholders at 30 June 2015</b>		24,621,164,530	100.00
<b>Total investments, at cost</b>		19,886,122,915	

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

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

*For the period ended 30 June 2015*

	Holdings				
	1 January 2015	Additions	Corporate actions	Disposals	30 June 2015
<b>Investments</b>					
<b>Listed equities</b>					
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	228,210,720	109,721,965	-	187,785,700	150,146,985
ANHUI CONCH CEMENT COMPANY LTD SHS A ORD CNY1	15,489,962	5,314,022	-	20,803,984	-
BANK OF BEIJING CO LTD ORD CNY1 CL A	47,345,695	32,751,942	-	37,574,900	42,522,737
BANK OF CHINA LTD A SHS ORD CNY1	67,463,189	192,834,113	-	128,747,400	131,549,902
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	145,548,642	90,045,613	-	139,845,000	95,749,255
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	32,666,143	15,782,171	-	26,931,900	21,516,414
BEIJING XINWEI TELECOM TECH GRP CO A SHRS CC ORD CNY1	1,006,521	571,940	-	894,700	683,761
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	61,484,500	105,051,700	-	48,996,500	117,539,700
BYD CO LTD A SHRS ORD CNY1	3,492,110	1,617,585	-	2,804,700	2,304,995
CHINA CITIC BANK CORP A SHRS ORD CNY1	24,801,380	13,146,475	-	19,815,000	18,132,855
CHINA CNR CORP LTD A SHRS ORD CNY 1 CC	-	24,154,337	-	24,154,337	-
CHINA CNR CORP LTD A SHS ORD CNY1	-	16,369,684	-	16,369,684	-
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	10,133,697	6,489,443	-	8,003,500	8,619,640
CHINA CONSTRUCTION BANK A SHS ORD CNY1	78,055,012	39,661,600	-	66,363,800	51,352,812
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	97,627,009	58,953,532	-	77,515,200	79,065,341
CHINA LIFE INSURANCE CO A SHS ORD NPV	14,369,446	6,974,899	-	11,856,900	9,487,445
CHINA MERCHANTS BANK CO LTD A SHRS ORD CNY1	112,817,207	54,261,217	-	92,879,300	74,199,124
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	12,515,135	5,976,998	-	10,279,000	8,213,133
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	172,966,298	85,815,108	-	137,278,700	121,502,706

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

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

*For the period ended 30 June 2015*

	Holdings				
	1 January 2015	Additions	Corporate actions	Disposals	30 June 2015
<b>Investments</b>					
<b>Listed equities</b>					
CHINA OILFIELD SERVICES LTD A SHS ORD CNY1	5,098,835	1,269,066	-	6,367,901	-
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	21,727,839	10,445,625	-	17,882,500	14,290,964
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	54,866,477	69,708,965	-	64,904,200	59,671,242
CHINA RAILWAY GROUP LTD A ORD CNY1	44,212,100	20,488,960	-	35,636,100	29,064,960
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	21,582,130	12,015,775	-	19,640,300	13,957,605
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	17,071,228	8,255,571	-	14,106,000	11,220,799
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	45,236,228	45,951,205	-	48,152,700	43,034,733
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	103,477,344	49,811,070	-	85,164,300	68,124,114
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	73,117,197	35,122,036	-	60,109,200	48,130,033
CHINA VANKE CO LTD A SHR ORD CNY1	71,787,060	34,522,801	-	59,105,200	47,204,661
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	31,307,949	11,149,533	-	24,732,900	17,724,582
CITIC SECURITIES CO LTD A SHR ORD CNY1	63,635,112	31,018,730	-	50,575,100	44,078,742
CRRC CORP LTD A SHR ORD CNY1	58,935,047	51,559,502	-	71,474,305	39,020,244
DAQIN RAILWAY CO LTD A SHS ORD CNY1	51,019,186	24,588,700	-	42,034,500	33,573,386
GF SECURITIES CO LTD A SHR ORD CNY1	17,861,601	9,452,910	-	14,212,500	13,102,011
GOUSEN SECURITIES CO LTD	-	6,986,886	-	14,400	6,972,486

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

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

*For the period ended 30 June 2015*

	Holdings				
	1 January 2015	Additions	Corporate actions	Disposals	30 June 2015
<b>Investments</b>					
<b>Listed equities</b>					
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	2,777,323	955,334	-	2,168,200	1,564,457
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	15,572,219	6,509,785	-	15,233,300	6,848,704
HAITONG SECURITIES CO LTD CL A ORD CNY1	48,915,532	23,945,997	-	38,846,100	34,015,429
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	8,967,799	4,363,938	-	7,297,000	6,034,737
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	16,294,979	7,875,495	-	13,431,900	10,738,574
HUATAI SECURITIES CO LTD A SHS ORD CNY1	-	23,762,775	-	10,731,300	13,031,475
HUAXIA BANK CO LTD A SHR ORD CNY1	25,339,217	9,123,445	-	34,462,662	-
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	158,312,616	135,406,100	-	156,028,400	137,690,316
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	78,867,090	48,633,166	-	62,647,000	64,853,256
INNER MONGILIA YILI INDUSTRIAL GR CO LTD A SHS ORD CNY1	21,668,847	5,179,683	-	26,848,530	-
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	3,539,167	1,719,272	-	2,929,300	2,329,139
MIDEA GROUP CO LTD A SHRS ORD CNY1	14,909,737	7,128,002	-	12,260,900	9,776,839
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	3,967,031	2,018,772	-	2,811,100	3,174,703
PETROCHINA CO LTD A SHRS CNY1	34,909,220	16,922,309	-	28,829,300	23,002,229
PING AN BANK CO LTD A SHR ORD CNY1	41,385,367	22,169,569	4,959,157	34,443,100	34,070,993
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	34,254,909	22,929,281	-	29,825,000	27,359,190
SAIC MOTOR CORP LTD A SHR ORD CNY1	19,961,940	9,678,350	-	16,506,900	13,133,390
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	-	6,274,700	-	720,700	5,554,000
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY 1	19,625,476	11,518,484	-	16,928,000	14,215,960
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	85,255,800	40,939,468	-	70,128,800	56,066,468
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	-	21,381,313	-	44,000	21,337,313



**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**PERFORMANCE RECORD (Unaudited)**

**Net asset value**

	Net asset value of the Sub-Fund <i>RMB</i>	Net asset value per unit <i>RMB</i>
At the end of financial period/year dated		
30 June 2015	24,621,164,530	12.7472
31 December 2014	30,196,914,185	11.3972
31 December 2013	20,863,824,165	7.1451

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

	Highest net asset value per unit <i>RMB</i>	Lowest net asset value per unit <i>RMB</i>
Financial period/year ended		
30 June 2015	15.0028	10.1847
31 December 2014	11.3976	6.3961
31 December 2013	9.1469	6.8307
31 December 2012 (since 23 August 2012 (date of inception))	8.2890	6.9571

**CSOP FTSE CHINA A50 ETF**  
**(A SUB-FUND OF CSOP ETF SERIES)**

**MANAGEMENT AND ADMINISTRATION**

**Manager and RQFII Holder**

CSOP Asset Management Limited  
Suite 2801 - 2803, Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Trustee and Registrar**

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

**Adviser**

China Southern Fund Management Co. Limited  
33rd Floor, Duty-Free Business Building  
6 Fuhua 1st Rd, Futian CBD  
Shenzhen, China 518048

**Custodian**

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

**PRC Custodian**

HSBC Bank (China) Company Limited  
33rd Floor, HSBC Building  
Shanghai ifc, 8 Century Avenue  
Pudong, Shanghai, China 200120

**Service Agent**

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

**Listing Agent**

Oriental Patron Asia Limited  
27th Floor, Two Exchange Square  
8 Connaught Place  
Central, Hong Kong

**Directors of the Manager**

Benoit Descourtieux  
Chen Ding  
Gaobo Zhang  
Liangyu Gao  
Haipeng Li  
Xiaosong Yang (resigned on 31 March 2015)  
Zhongping Cai  
Zengtao Wu (appointed on 15 April 2015)

**Legal Adviser to the Manager**

Deacons  
5th Floor, Alexandra House  
18 Chater Road  
Central  
Hong Kong

**Auditor**

PricewaterhouseCoopers  
21st Floor, Edinburgh Tower  
15 Queen's Road Central  
Hong Kong



**[www.csopasset.com](http://www.csopasset.com)**

**Telephone: (852) 3406 5688**

**2801-2803, Two Exchange Square, 8 Connaught Place, Central, Hong Kong**