

平成 27 年 12 月期 決算短信 (平成 27 年 1 月 1 日～平成 27 年 12 月 31 日)  
Earnings Report for Fiscal Year ended December 2015 (January 1, 2015 – December 31, 2015)

平成 28 年 5 月 9 日

May 9, 2016

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

有価証券報告書提出予定日 平成 28 年 6 月  
Scheduled submission date of Annual Securities June 2016  
Report:

## I ファンドの運用状況

### I Fund Management

- 平成 27 年 12 月期の運用状況 (平成 27 年 1 月 1 日～平成 27 年 12 月 31 日)
- Management Status for Fiscal Year ended December 2015 (from January 1, 2015 to December 31, 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		現金・預金・その他の資産 (負債控除後)		合計 (純資産)	
	Primary Invested Assets		Cash/Deposits/Other Assets (excluding liabilities)		Total (Net Assets)	
	金額	構成比	金額	構成比	金額	構成比
	Amount	ratio	Amount	ratio	Amount	ratio
	百万円	%	百万円	%	百万円	%
	JPY mil.	%	JPY mil.	%	JPY mil.	%
27 年 12 月期 FY ended December 2015	311,402	99.46	1,673	0.54	313,093	100
26 年 12 月期 FY ended December 2014	515,747	99.99	23	0.01	515,764	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)	当計算期間末発行済口数 No. of Issued Units at End of Calculation Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
27 年 12 月期 FY ended December 2015	2,649,500	2,564,500	3,499,000	1,715,000
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 Issued Units at End of Calculation Period (Previous Calculation Period))×1)
	百万円 JPY mil.	百万円 JPY mil.	百万円 JPY mil.	円 JPY
27 年 12 月期 FY ended December 2015	315,091	1,998	313,093	182
26 年 12 月期 FY ended December 2014	534,706	18,941	515,764	194

(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)	当計算期間末発行済口数 No. of Issued Units at End of Calculation Period (①+②-③)
	千口 '000 units	千口 '000 units	千口 '000 units	千口 '000 units
27 年 12 月期 FY ended December 2015	600	3	220	383

(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 12 月期 FY ended December 2015	13
26 年 12 月期 FY ended December 2014	14

注) 日本円への換算は、1 人民元 = 17.08 円 (平成 28 年 4 月 25 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 17.08, which represents the middle rates for USD-RMB and USD-JPY as of 17:00 Tokyo time on April 25, 2016 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)

Reports and Financial Statements  
FOR THE YEAR ENDED 31 DECEMBER 2015

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

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**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” or the “Sub-Fund”), 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 31 December 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 14 November 2014. According to the rules, investors are not required to pay capital gain tax from 17 November 2014. Therefore, the Manager did not provision any withholding tax after November 17, 2014.

**Change to the type of the Underlying Index**

The Sub-Fund has been using FTSE China A50 price return index as its Underlying Index since its inception in August 2012. Price return index does not include the reinvestment of dividends from the constituent securities of the index. Price return index only considers price movements of the constituent securities of the index but the net total return index assumes that dividends paid by the constituent securities of the index, net of any withholding taxes, are reinvested in additional shares of such index’s constituents. As such, an index’s net total return is usually considered to be a more accurate measurement of the actual investment return and performance. Therefore, it is proposed that the type of the Underlying Index of the Sub-Fund will change from price return index to net total return index with effect 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. The Manager considers that the change made to the type of the Sub-Fund’s Underlying Index would not materially prejudice unitholders’ rights or interests and does not anticipate adverse impact to the operation of the Sub-Fund.

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

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

**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 31 December 2015, the dealing Net Asset Value (“NAV”) per unit of the CSOP A50 ETF was RMB10.6887 and there were 1,715,000,000 units outstanding. The total asset under management was approximately 18.33billion.

During the period from 1 January 2015 to 27 February 2015, the FTSE China A50 price return index decreased by 5.57% while the dealing NAV of CSOP A50 ETF RMB counter (stock code 82822) decreased by 5.32%. During the period from 27 February 2015 to 31 December 2015, the FTSE China A50 net return index increased by 0.52% while the dealing NAV decreased by 0.95%. 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 -4.51%.

**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 RMB44.4 million in December 2015. The trading value of the HKD counter (stock code: 02822) remained steadily at an average daily turnover of HKD971.5 million in December 2015. The Sub-Fund’s high liquidity often placed it in the most actively traded ETFs on the HKEx. 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 fourteen quarterly index rebalances.

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

**REPORT OF THE TRUSTEE TO THE UNITHOLDERS**

We hereby confirm that, in our opinion, the Manager of the CSOP FTSE China A50 ETF (the “Sub-Fund”), a sub-fund of CSOP ETF Series, has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 25 July 2012, as amended, for the year ended 31 December 2015.

HSBC Institutional Trust Services (Asia) Limited  
27 April 2016



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

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

**MANAGER'S RESPONSIBILITIES**

The Manager of the CSOP FTSE China A50 ETF (the “Sub-Fund”), a sub-fund of CSOP ETF Series, is required by the Code on Unit Trusts and Mutual Funds established by the Securities & Futures Commission of Hong Kong and the Trust Deed dated 25 July 2012, as amended, (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 the year and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

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

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

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its Trust Deed. As at 31 December 2015, the Trust has established six sub-funds, namely, CSOP FTSE China A50 ETF, CSOP CES China A80 ETF, CSOP MSCI T50 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF and CSOP MSCI China A International ETF.

**TRUSTEE'S RESPONSIBILITIES**

The Trustee of the Sub-Fund is required to:

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF CSOP FTSE CHINA A50 ETF  
(A SUB-FUND OF CSOP ETF SERIES, AN UMBRELLA UNIT TRUST ESTABLISHED IN HONG KONG)**

**Report on the Financial Statements**

We have audited the financial statements of CSOP FTSE China A50 ETF (the "Sub-Fund"), a sub-fund of CSOP ETF Series, set out on pages 7 to 29, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Trustee and the Manager (the "Management") of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 25 July 2012, as amended, (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also 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 SFC Code.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Sub-Fund's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT  
TO THE UNITHOLDERS OF CSOP FTSE CHINA A50 ETF (CONTINUED)  
(A SUB-FUND OF CSOP ETF SERIES, AN UMBRELLA UNIT TRUST ESTABLISHED IN HONG KONG)**

**Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2015, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

**Report on Other Legal and Regulatory Requirements**

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 SFC Code.

**PricewaterhouseCoopers**  
Certified Public Accountants  
Hong Kong, 27 April 2016

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

**STATEMENT OF FINANCIAL POSITION**  
*As at 31 December 2015*

	<i>Notes</i>	<b>2015</b> <i>RMB</i>	<b>2014</b> <i>RMB</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Deposit reserve		4,519,200	9,744,000
<b>CURRENT ASSETS</b>			
Investments	7(c),8(a)	18,232,458,944	30,195,508,721
Interest receivable		13,191	17,406
Bank balances	7(c)	211,123,590	1,100,950,201
		18,443,595,725	31,296,476,328
<b>Total assets</b>		18,448,114,925	31,306,220,328
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Provision for taxation	6	-	55,577,523
Amounts due to participating dealers		50,270,324	1,025,177,102
Amounts due to brokers		45,247,158	-
Management fee payable	7(a)	15,335,223	26,186,658
Other accounts payable		6,617,109	2,364,860
		117,469,814	1,109,306,143
<b>Total liabilities</b>		117,469,814	1,109,306,143
<b>EQUITY</b>			
<b>Net assets attributable to unitholders</b>	4	18,330,645,111	30,196,914,185

The financial statements on pages 7 to 29 were approved by the Trustee and the Manager on 27 April 2016 and were signed on their behalf.

For and on behalf of

For and on behalf of

CSOP Asset Management Limited  
as the Manager

HSBC Institutional Trust Services (Asia) Limited  
as the Trustee

*The notes on pages 11 to 29 form part of these financial statements*

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

**STATEMENT OF COMPREHENSIVE INCOME**

*For the year ended 31 December 2015*

		Year ended 31 December 2015 RMB	Year ended 31 December 2014 RMB
	<i>Notes</i>		
<b>INCOME</b>			
Dividend income		515,836,928	1,059,632,544
Interest income		1,266,203	1,093,690
Net gain on investments	5	1,169,787,362	16,083,270,839
Other income		136,361,232	101,440,098
<b>Total net income</b>		<u>1,823,251,725</u>	<u>17,245,437,171</u>
<b>EXPENSES</b>			
Management fee	7(a)	(219,184,399)	(281,436,408)
Trustee fee	7(b)	(19,071,871)	(24,102,336)
Transaction costs on investments		(124,580,526)	(85,515,132)
Audit fee		(571,094)	(175,740)
Safe custody and bank charges		(1,255,328)	(212,963)
Legal and other professional fee		(145,009)	(52,147)
License fee	7(d)	(22,984,953)	-
Other operating expenses		(761,532)	(1,370,521)
<b>Total operating expenses</b>		<u>(388,554,712)</u>	<u>(392,865,247)</u>
Operating profit		<u>1,434,697,013</u>	<u>16,852,571,924</u>
Taxation	6	<u>1,099,713</u>	<u>(42,691,404)</u>
<b>Total comprehensive income</b>		<u><u>1,435,796,726</u></u>	<u><u>16,809,880,520</u></u>

*The notes on pages 11 to 29 form part of these financial statements*

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

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS**  
*For the year ended 31 December 2015*

		Year ended 31 December 2015 RMB	Year ended 31 December 2014 RMB
Net assets attributable to unitholders at the beginning of the year	<i>Note</i>	30,196,914,185	20,863,824,165
Proceeds on issue of units		28,808,943,850	20,210,064,800
Payments on redemption of units		(41,697,259,650)	(26,270,615,300)
Net decrease from unit transactions		(12,888,315,800)	(6,060,550,500)
Distribution to unitholders	9	(413,750,000)	(1,416,240,000)
Total comprehensive income for the year		1,435,796,726	16,809,880,520
<b>Net assets attributable to unitholders at the end of the year</b>		<b>18,330,645,111</b>	<b>30,196,914,185</b>

*The notes on pages 11 to 29 form part of these financial statements*

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

**STATEMENT OF CASH FLOWS**

*For the year ended 31 December 2015*

	Year ended 31 December 2015 <i>RMB</i>	Year ended 31 December 2014 <i>RMB</i>
<b>OPERATING ACTIVITIES</b>		
Payments for purchase of investments	(35,542,981,175)	(25,758,520,431)
Proceeds from sale of investments	48,721,065,472	32,442,568,099
Dividend received	515,836,928	1,059,632,544
Interest received	1,270,418	1,097,513
Other income received	136,361,232	101,440,098
Management fee paid	(230,035,834)	(272,425,912)
Transaction costs paid	(124,580,526)	(85,515,132)
Taxation paid	(54,477,810)	(111,742,446)
Other operating expenses paid	(40,537,538)	(27,227,518)
Deposit reserve received/(paid)	5,224,800	(4,564,000)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	13,387,145,967	7,344,742,815
	<hr/>	<hr/>
<b>FINANCING ACTIVITIES</b>		
Proceeds on issue of units	28,808,943,850	20,210,064,800
Amounts (paid to)/received from participating dealers	(974,906,778)	969,229,725
Payments on redemption of units	(41,697,259,650)	(26,270,615,300)
Distribution paid	(413,750,000)	(1,416,240,000)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	(14,276,972,578)	(6,507,560,775)
	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(889,826,611)	837,182,040
Cash and cash equivalents at the beginning of the year	1,100,950,201	263,768,161
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	211,123,590	1,100,950,201
	<hr/>	<hr/>
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances	211,123,590	1,100,950,201
	<hr/>	<hr/>

*The notes on pages 11 to 29 form part of these financial statements.*

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

**NOTES TO THE 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 31 December 2015, the Trust has six sub-funds which are CSOP FTSE China A50 ETF (the “Sub-Fund”), CSOP CES China A80 ETF, CSOP MSCI T50 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF and CSOP MSCI China A International 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 (the “underlying 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.

Prior to 27 February 2015, the Sub-Fund has been using FTSE China A50 price return index as its underlying index. With effect from 27 February 2015, the type of the underlying index of the Sub-Fund changed from price return index to net total return index. 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 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. Foreign investors can also invest in the domestic securities market through Shanghai – Hong Kong Stock Connect Program (“Stock Connect”).

The Sub-Fund obtains exposure to securities issued within the PRC through the RQFII quotas of the Manager and the Stock Connect. 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 financial statements are prepared for the Sub-Fund only. The financial statements for CSOP CES China A80 ETF, CSOP MSCI T50 ETF, CSOP SZSE ChiNext ETF, CSOP China CSI 300 Smart ETF and CSOP MSCI China A International ETF have been prepared separately.



**CSOP FTSE CHINA A50 ETF**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Basis of preparation**

The financial statements of the Sub-Fund have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and Manager (together the “Management”) to exercise their judgment in the process of applying the Sub-Fund’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Standard and amendments to existing standards effective 1 January 2015

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2015 that would be expected to have a significant impact on the Sub-Fund.

New standard 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: amortized cost, fair value through other comprehensive income (“OCI”) 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 OCI 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 was 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. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Manager is yet to assess HKFRS 9’s full impact to the Sub-Fund.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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 2018 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.

**(b) Investments**

**(i) Classification**

The Sub-Fund classifies its investments as financial assets at fair value through profit or loss. These financial assets are designated by the Management at fair value through profit or loss at inception. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Sub-Fund's documented investment strategies. The Sub-Fund's policies require the Management to evaluate the information about these financial assets on a fair value basis together with other related financial information.

**(ii) Recognition/derecognition**

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

**(iii) Measurement**

Investments are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all investments are measured at fair value. Realised and unrealised gains and losses on investments are recognised in the statement of comprehensive income in the year in which they arise.

**(iv) Fair value estimation**

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 of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both listed financial assets and liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(b) Investments (Continued)**

**(iv) Fair value estimation (Continued)**

The fair value of financial assets that are not traded in an active market (for example, over-the-counter derivatives) is determined by using broker quotes or valuation techniques. Details of the fair value estimation of these securities are disclosed in Note 8(d).

**(v) Transfers between levels of the fair value hierarchy**

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

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

Amounts due from/to participating dealers represent the subscription receivable and redemption payable to the participating dealer at the end of the reporting year. The amounts are non-interest bearing and repayable on demand.

**(d) Dividend income and interest income**

Dividend income is recorded on the ex-dividend date with the corresponding foreign withholding taxes recorded as an expense.

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

**(e) Distributions to unitholders**

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

**(f) Other income/expense**

Other income/expense mainly represents the difference between the proceeds received from/paid to participating dealers and cost of investment purchased/sold.

**(g) Transactions costs**

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

**(h) Expenses**

Expenses are accounted for on an accrual basis.

**(i) Cash and cash equivalents**

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

**CSOP FTSE CHINA A50 ETF  
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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(j) Foreign currencies translation**

Functional and presentation currency

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

Transactions and balances

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

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

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

**(k) Redeemable units**

The Sub-Fund issues redeemable units, which are redeemable at the holder’s option represents puttable financial instruments of the Sub-Fund. The Sub-Fund classifies its puttable financial instruments as equity in accordance with HKAS 32 (Amendment), “Financial instruments: Presentation” as those puttable financial instruments meet all the following criteria:

- the puttable financial instruments entitle the holder to a pro-rata share of net asset value;
- the puttable financial instruments are the most subordinated units in issue and unit features are identical;
- there are no contractual obligations to deliver cash or another financial asset; and
- the total expected cash flows from the puttable financial instrument over its life are based substantially on the profit or loss of the Sub-Fund.

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

In accordance with the Prospectus of the Sub-Fund, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per unit for creations and redemptions of the Sub-Fund.

**(l) Taxation**

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

**CSOP FTSE CHINA A50 ETF  
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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(l) Taxation (Continued)**

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

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

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

**(m) Establishment costs**

Establishment costs are recognised as an expense in the year in which they are incurred.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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 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.

For the financial year ended 31 December 2014

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 considered that the enforcement of PRC tax on gains on A-Shares was uncertain for the year ended 31 December 2014 and 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 31 December 2014. At that time, significant uncertainties existed and estimation of the Manager may substantially differ from the actual events. The Manager considered 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

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

For the financial year ended 31 December 2014 (Continued)

*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 reassessed the WIT provisioning approach after the year ended 31 December 2013. 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:

- (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").
- (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.

As a result, the Sub-Fund reversed the WIT provision of RMB107,483,155 as of 14 February 2014 on 17 February 2014, which was made on the WIT provision on the gross unrealised and realised capital gains of RMB65,556,367 and RMB41,926,788 respectively derived from trading of PRC A-Shares issued by PRC tax resident companies which are not immovable properties-rich companies.

*Notice issued on 14 November 2014*

On 14 November 2014, the Ministry of Finance of the PRC (the "MoF"), the 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:

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**NOTES TO THE FINANCIAL STATEMENTS**

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**

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

For the financial year ended 31 December 2014 (continued)

*Notice issued on 14 November 2014 (continued)*

- (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.

For the financial year ended 31 December 2015

On 1 April 2015, the Third Branch of Shanghai Municipal Office, SAT (the "Authority") and the Third Branch of Shanghai Bureau of Local Taxation jointly issued the Notice on Tax Issues to notify that the QFII/RQFII shall declare and handle with 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 (the "Tax Reporting"). 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 "Tax Treaty Application").

The Manager had made, on behalf of the Sub-Fund, the Tax Reporting for the period from 23 August 2012 (date of inception) to 14 November 2014 inclusively, and applied the Tax Treaty Application for the Sub-Fund in September 2015. The Authority completed the review on the Sub-Fund's Tax Reporting and Tax Treaty Application and issued a document on its official web-site indicating that the Authority agrees with the Sub-Fund's Tax Treaty Application submitted. The Authority also issued a PRC tax demand note to the Sub-Fund to settle the PRC WIT on gross realised capital gains derived by the Sub-Fund from trading of PRC A-Shares issued by immovable properties-rich companies only for the period from 23 August 2012 (date of inception) up to and including 14 November 2014. Out of the PRC tax provision of the Sub-Fund as of 31 December 2014 of RMB55,577,523, the Sub-Fund settled the relevant PRC WIT liabilities in the amount of RMB2,767,468 on 30 September 2015 and the Manager reversed the unused WIT provision amounted to RMB52,810,055 on 1 December 2015.

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

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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.

As stated in Note 2(k), 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 year ended 31 December 2015 and 2014 are as follows:

	2015 units	2014 units
Number of units in issue at the beginning of the year	2,649,500,000	2,920,000,000
Units issued	2,564,500,000	2,877,500,000
Units redeemed	(3,499,000,000)	(3,148,000,000)
Number of units in issue at the end of the year	<u>1,715,000,000</u>	<u>2,649,500,000</u>

	2015 RMB	2014 RMB
Net assets attributable to unitholders per unit at 31 December	<u>10.6884</u>	<u>11.3972</u>

**5. NET GAIN ON INVESTMENTS**

	2015 RMB	2014 RMB
Net fair value change in unrealised gain/loss in value of investments	(10,027,689,463)	11,367,036,594
Net realised gain on sale of investments	11,197,476,825	4,716,234,245
	<u>1,169,787,362</u>	<u>16,083,270,839</u>

**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 year. Refer to Note 3 for PRC withholding tax on gains derived from the sale of A-shares by QFIIs and RQFIIs.



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**NOTES TO THE FINANCIAL STATEMENTS**

**6. TAXATION (Continued)**

The taxation of the Sub-Fund for the year ended 31 December 2015 and 2014 represents:

	2015 RMB	2014 RMB
Capital gains tax on realised gains on investments	-	53,221,693
Reversal on capital gain tax	(52,810,055)	(41,926,788)
Deferred tax charged on change in unrealised gains on investments	-	21,224,171
Deferred tax reversed on change in unrealised gains on investments	-	(101,570,118)
	<u>(52,810,055)</u>	<u>(69,051,042)</u>
Withholding tax on dividend income	51,583,722	111,633,077
Withholding tax on interest income	126,620	109,369
	<u>51,710,342</u>	<u>111,742,446</u>
Tax (credit)/ expenses	<u>(1,099,713)</u>	<u>42,691,404</u>

As at 31 December 2015 and 2014, there is no deferred tax liabilities/assets for the Sub-Fund. The movement in deferred tax liabilities arising from change in unrealised gains on investments during the year ended 31 December 2014 is as follows:

	2014 RMB
At the beginning of the year	80,345,947
Deferred tax charged on change in unrealised gains on investments	21,224,171
Deferred tax reversed on change in unrealised gains on investments	(101,570,118)
At the end of the year	<u>-</u>

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

	2015 RMB	2014 RMB
At the beginning of the year	55,577,523	44,282,618
Taxation charged to the statement of comprehensive income for the year	51,710,342	164,964,139
Reversal of current tax liabilities	(52,810,055)	(41,926,788)
Tax paid	(54,477,810)	(111,742,446)
At the end of the year	<u>-</u>	<u>55,577,523</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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

The following is a summary of significant related party transactions/transactions entered into during the year 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 year between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on normal commercial terms. To the best of the Manager’s knowledge, the Sub-Fund does not have any other transactions with 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. For the year ended December 2015 and 2014, the trustee fee is calculated as a percentage per annum of the net asset value of the Sub-Fund at the rate as follows, subject to a monthly minimum of RMB40,000:

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

The Trustee’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 (2014: 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:

	2015 RMB	2014 RMB
<b>Investments</b>		
HSBC Bank (China) Company Limited	18,232,458,944	30,195,508,721
	<hr/>	<hr/>
<b>Bank balances</b>		
The Hongkong and Shanghai Banking Corporation Limited	110,734,726	1,099,780,914
HSBC Bank (China) Company Limited	100,388,864	1,169,287
	<hr/>	<hr/>
	211,123,590	1,100,950,201
	<hr/>	<hr/>

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(d) License fee**

According to the Trust Deed dated 25 July 2012, as amended, the license fees and expenses payable to the owner of an index for the use of such index shall be payable out of the Sub-Fund. Prior to 1 January 2015, the FTSE index license fees were paid by the Manager of the Sub-Fund. Pursuant to the letter dated 16 November 2015 between the Trustee and the Manager of the Sub-Fund, the Manager has decided that the license fee shall be paid out of the sub-Fund commencing from 1 January 2015 and they will be reimbursed by the Sub-Fund for the license fee of RMB19,918,378 which was paid out by them since the inception of the Sub-Fund. As at 31 December 2015, the amount of RMB22,984,953 represents the license fee of the Sub-Fund of which RMB19,918,378 was the reimbursement to the Manager for their payment of the license fee for the Sub-Fund prior to 1 January 2015.

**8. FINANCIAL RISK MANAGEMENT**

The objective of the Sub-Fund is to provide investment results that, before deduction of 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**(i) Market price risk (Continued)**

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

	2015		2014	
	Fair value	% of net	Fair value	% of net
	<i>RMB</i>	asset value	<i>RMB</i>	asset value
Listed equities in PRC – by industry				
Basic materials	293,798,572	1.60	575,364,878	1.91
Consumer goods	1,353,533,151	7.38	2,955,844,509	9.78
Consumer Services	252,164,110	1.38	-	-
Financials	12,585,400,577	68.64	21,095,145,904	69.87
Health Care	86,329,057	0.47	-	-
Industrials	2,630,961,791	14.36	3,846,295,233	12.73
Oil & gas	404,247,010	2.21	839,354,906	2.78
Technology	-	-	43,632,685	0.14
Telecommunications	260,833,401	1.42	361,930,125	1.20
Utilities	365,191,275	2.00	477,940,481	1.59
	<u>18,232,458,944</u>	<u>99.46</u>	<u>30,195,508,721</u>	<u>100.00</u>

The Sub-Fund held 50 out of 50 (2014: 50 out of 50) constituent securities 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 31 December 2015, if the FTSE China A50 Index were to increase by 10% (2014: 10%) with all other variables held constant, this would increase the operating profit for the year by approximately RMB1,798,355,679 (2014: RMB3,019,550,872). Conversely, if the FTSE China A50 Index were to decrease by 10% (2014: 10%), this would decrease the operating profit for the year by an equal amount.

**(ii) Interest rate risk**

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

As at 31 December 2015 and 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

**(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 31 December 2015, the Sub-Fund placed bank balances of RMB110,734,726 (2014: RMB1,099,780,914) with The Hong Kong and Shanghai Banking Corporation Limited ("HSBC"), which is the custodian of the Sub-Fund. The S&P credit rating of HSBC is A (2014: AA-).

As at 31 December 2015, the Sub-Fund placed bank balances of RMB100,388,864 (2014: RMB1,169,287) and investments of RMB18,232,458,944 (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 (2014: A1).

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

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

**(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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

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>
<b>As at 31 December 2015</b>				
Amounts due to participating dealers	50,270,324	-	-	50,270,324
Amounts due to brokers	45,247,158	-	-	45,247,158
Management fee payable	15,335,223	-	-	15,335,223
Other accounts payable	-	6,366,428	250,681	6,617,109
<b>Contractual cash outflow</b>	<b>110,852,705</b>	<b>6,366,428</b>	<b>250,681</b>	<b>117,469,814</b>

**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
<b>Contractual cash outflow</b>	<b>1,051,363,760</b>	<b>2,238,200</b>	<b>126,660</b>	<b>1,053,728,620</b>

Units are redeemed on demand at the unitholder's option. As at 31 December 2015, there were 2 (2014: 3) unitholders 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 31 December 2015</b>				
Total assets	17,457,520,112	13,191	990,581,622	18,448,114,925
<b>As at 31 December 2014</b>				
Total assets	31,296,458,922	17,406	9,744,000	31,306,220,328

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**NOTES TO THE FINANCIAL STATEMENTS**

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

**(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.**

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

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
<b>As at 31 December 2015</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Equity securities	17,246,396,522	986,062,422	-	18,232,458,944
<b>Total assets</b>	<b>17,246,396,522</b>	<b>986,062,422</b>	<b>-</b>	<b>18,232,458,944</b>
<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
<b>Total assets</b>	<b>30,195,508,721</b>	<b>-</b>	<b>-</b>	<b>30,195,508,721</b>

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.

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**NOTES TO THE FINANCIAL STATEMENTS**

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

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. Management has used best estimation and assessed all available information and considers that the last traded price is the best estimation of the fair value of level 2 investment as at 31 December 2015. As at 31 December 2015, one (2014: Nil) listed equity investment amounted to RMB986,062,422, represented 5.38% of the net asset value of the Sub-Fund, was suspended for trading due to voluntary business restructuring. The equity investment continues to be suspended as of the date of the approval of the financial statements for the year ended 31 December 2015.

The suspended equity investment of RMB986,062,422 has been transferred from level 1 to level 2 and classified as level 2 investment as at 31 December 2015. Transfer between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

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

The assets and liabilities included in the 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.

**(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**

	2015 RMB	2014 RMB
Final Distribution		
RMB0.25 per unit on 1,655,000,000 units (2014: RMB0.28 per unit on 5,058,000,000 units)	<u>(413,750,000)</u>	<u>(1,416,240,000)</u>

The final distribution of RMB0.25 (2014: RMB0.28) per unit on 1,655,000,000 (2014: 5,058,000,000) units outstanding on 18 December 2015 (2014: 7 October 2014) was paid on 28 December 2015 (2014: 27 October 2014).



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**NOTES TO THE FINANCIAL STATEMENTS**

**10. FINANCIAL INSTRUMENTS BY CATEGORY**

As of 31 December 2015 and 2014, other than investments as disclosed in the financial statements which are classified as the financial assets at fair value through profit or loss, all financial assets including deposit reserve, 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 years ended 31 December 2015 and 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 31 December 2015 and 2014.

During the period from 1 January 2015 to 27 February 2015, the FTSE China A50 price return index decreased by 5.57% while the net asset value per unit of the Sub-Fund decreased by 5.32%. During the period from 27 February 2015 to 31 December 2015, the FTSE China A50 net return index increased by 0.52% while the net asset value per unit of the Sub-Fund decreased by 0.95%.

During the year ended 31 December 2014, the FTSE China A50 price return index increased by 62.19% while the net asset value per unit of the Sub-Fund increased by 59.51%.

**12. SOFT COMMISSION ARRANGEMENT**

The Manager has entered into soft commission arrangements since 1 October 2015 with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers in consideration of transactions of the Sub-Fund directed to the brokers. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publication; computer hardware and software incidental to the above goods and services.

For the year ended 31 December 2014, the Manager confirms that there has been no soft commission arrangement existing during the year 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.

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**NOTES TO THE FINANCIAL STATEMENTS**

**13. SEGMENT INFORMATION (CONTINUED)**

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

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

The total of non-current assets of the Sub-Fund located in PRC in RMB4,519,200 (2014: RMB9,744,000). The Sub-Fund has no other assets classified as non-current assets. As at 31 December 2015 and 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.

**14. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved by the Trustee and the Manager on 27 April 2016.

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**INVESTMENT PORTFOLIO (Unaudited)**

*As at 31 December 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	175,668,007	567,407,663	3.09
BANK OF CHINA LTD A SHS ORD CNY1	104,932,872	420,780,817	2.30
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	84,023,304	541,110,078	2.95
BYD CO LTD A SHRS ORD CNY1	2,021,628	130,192,843	0.71
CHINA CITIC BANK CORP A SHRS ORD CNY1	14,320,870	103,396,681	0.56
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	7,023,666	94,187,361	0.51
CHINA CONSTRUCTION BANK A SHS ORD CNY1	45,069,414	260,501,213	1.42
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	69,371,179	294,133,799	1.60
CHINA LIFE INSURANCE CO A SHS ORD NPV	7,254,318	205,369,743	1.12
CHINA MERCHANTS BANK A SHR ORD CNY1	58,923,347	1,060,031,013	5.78
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	116,230,364	1,120,460,709	6.11
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	19,570,895	186,706,338	1.02
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	12,546,562	362,093,779	1.97
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	47,572,414	235,959,173	1.29
CHINA RAILWAY GROUP LTD A ORD CNY1	27,830,695	303,911,189	1.66
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	13,742,304	185,246,258	1.01
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	9,854,422	147,520,697	0.80
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	43,875,207	412,426,946	2.25
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	59,746,275	378,791,384	2.07
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	42,206,052	260,833,401	1.42
CHINA VANKE CO LTD A SHR ORD CNY1	40,362,768	986,062,422	5.38
CITIC SECURITIES CO LTD A SHR ORD CNY1	38,693,784	748,724,720	4.08
CRRC CORP LTD A SHR ORD CNY1	38,808,845	498,693,658	2.72
DAQIN RAILWAY CO LTD A SHS ORD CNY1	26,507,572	228,495,271	1.25
GF SECURITIES CO LTD A SHR ORD CNY1	11,497,827	223,632,735	1.22
GOUSEN SECURITIES CO LTD	6,124,716	120,963,141	0.66
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	8,981,608	200,738,939	1.09
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	7,589,830	181,396,937	0.99
HAITONG SECURITIES CO LTD CL A ORD CNY1	29,855,608	472,315,719	2.58
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	5,262,315	180,971,013	0.99
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	9,403,125	82,089,281	0.45
HUATAI SECURITIES CO LTD A SHS ORD CNY1	11,412,065	225,045,922	1.23

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**INVESTMENT PORTFOLIO (Unaudited)**

*As at 31 December 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 (99.46%) (continued)</b>			
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	107,382,054	491,809,807	2.68
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	56,906,721	971,397,728	5.30
INNER MONGOLIAN BAOTOU STEEL UNION CO LTD A SHR ORD CNY1	40,520,187	146,277,875	0.80
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	2,256,423	492,328,934	2.69
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	8,701,731	285,590,811	1.56
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	2,801,251	146,253,315	0.80
PETROCHINA CO LTD A SHRS CNY1	20,154,232	168,287,837	0.92
PING AN BANK CO LTD A SHR ORD CNY1	29,913,475	358,662,565	1.96
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	45,840,592	1,650,261,312	9.00
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	15,749,266	126,466,606	0.69
SAIC MOTOR CORP LTD A SHR ORD CNY1	11,530,708	244,681,624	1.33
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	10,794,753	124,571,450	0.68
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY1	15,000,101	97,200,655	0.53
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	49,220,504	899,258,608	4.91
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	2,170,708	86,329,057	0.47
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	16,277,325	174,330,151	0.95
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	18,748,261	252,164,110	1.38
ZHEJIANG ZHENENG ELECTRIC - A SHRS ORD CNY1	12,869,914	96,395,656	0.53
<b>Total investments</b>		18,232,458,944	99.46
<b>Other net assets</b>		98,186,167	0.54
<b>Net assets attributable to unitholders at 31 December 2015</b>		18,330,645,111	100.00
<b>Total investments, at cost</b>		17,339,275,646	

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

*For the year ended 31 December 2015*

	Holdings				
	1 January 2015	Additions	Corporate actions	Disposals	31 December 2015
<b>Investments</b>					
<b>Listed equities</b>					
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	228,210,720	263,762,987	-	316,305,700	175,668,007
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	50,158,956	7,219,854	104,724,505	-
BANK OF CHINA LTD A SHS ORD CNY1	67,463,189	278,888,283	-	241,418,600	104,932,872
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	145,548,642	153,090,562	-	214,615,900	84,023,304
BAOSHAN IRON & STEEL CO LTD CL A ORD CNY1	32,666,143	29,258,616	-	61,924,759	-
BEIJING ZHONGCHUANG TELECOM TEST CO A SHS ORD CNY1	1,006,521	1,197,626	-	2,204,147	-
BOE TECHNOLOGY GR CO LTD A SHS ORD CNY1	61,484,500	178,517,302	-	240,001,802	-
BYD CO LTD A SHRS ORD CNY1	3,492,110	4,467,652	-	5,938,134	2,021,628
CHINA CITIC BANK CORP A SHRS ORD CNY1	24,801,380	24,973,190	-	35,453,700	14,320,870
CHINA CNR CORP LTD A SHS ORD CNY1	-	40,524,021	-	40,524,021	-
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	10,133,697	12,296,469	-	15,406,500	7,023,666
CHINA CONSTRUCTION BANK A SHS ORD CNY1	78,055,012	73,494,202	-	106,479,800	45,069,414
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	97,627,009	109,807,170	-	138,063,000	69,371,179
CHINA LIFE INSURANCE CO A SHS ORD NPV	14,369,446	13,182,372	-	20,297,500	7,254,318
CHINA MERCHANTS BANK A SHR ORD CNY1	112,817,207	102,913,940	-	156,807,800	58,923,347
CHINA MERCHANTS SECURITIES CO LTD A SHR ORD CNY1	12,515,135	8,914,339	-	21,429,474	-
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	172,966,298	182,873,566	-	239,609,500	116,230,364
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	-	19,570,895	-	-	19,570,895

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**  
*For the year ended 31 December 2015*

	<b>Holdings</b>				
	<b>1 January 2015</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>31 December 2015</b>
<b>Investments (continued)</b>					
<b>Listed equities (continued)</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	19,817,123	-	28,998,400	12,546,562
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	54,866,477	108,753,537	-	116,047,600	47,572,414
CHINA RAILWAY GROUP LTD A ORD CNY1	44,212,100	42,279,895	-	58,661,300	27,830,695
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	21,582,130	23,430,474	-	31,270,300	13,742,304
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	17,071,228	15,611,494	-	22,828,300	9,854,422
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	45,236,228	81,538,679	-	82,899,700	43,875,207
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	103,477,344	94,592,031	-	138,323,100	59,746,275
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	73,117,197	66,697,455	-	97,608,600	42,206,052
CHINA VANKE CO LTD A SHR ORD CNY1	71,787,060	64,164,308	-	95,588,600	40,362,768
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	31,307,949	11,149,533	-	42,457,482	-
CITIC SECURITIES CO LTD A SHR ORD CNY1	63,635,112	60,082,272	-	85,023,600	38,693,784
CRRC CORP LTD A SHR ORD CNY1	58,935,047	82,627,403	-	102,753,605	38,808,845
DAQIN RAILWAY CO LTD A SHS ORD CNY1	51,019,186	45,652,686	-	70,164,300	26,507,572
GF SECURITIES CO LTD A SHR ORD CNY1	17,861,601	18,060,226	-	24,424,000	11,497,827
GOUSEN SECURITIES CO LTD	-	11,556,816	-	5,432,100	6,124,716
GREAT WALL MOTOR CO LTD A SHRS ORD NPV	2,777,323	1,810,674	-	4,587,997	-
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	15,572,219	14,129,885	7,160,104	27,880,600	8,981,608

**CSOP FTSE CHINA A50 ETF**  
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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**  
*For the year ended 31 December 2015*

	Holdings				
	1 January 2015	Additions	Corporate actions	Disposals	31 December 2015
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	-	7,589,830	-	-	7,589,830
HAITONG SECURITIES CO LTD CL A ORD CNY1	48,915,532	46,360,076	-	65,420,000	29,855,608
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	8,967,799	7,397,116	-	11,102,600	5,262,315
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	16,294,979	14,932,846	-	21,824,700	9,403,125
HUATAI SECURITIES CO LTD A SHS ORD CNY1	-	32,329,065	-	20,917,000	11,412,065
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	225,362,438	-	276,293,000	107,382,054
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	78,867,090	96,307,531	-	118,267,900	56,906,721
INNER MONGILIA YILI INDUSTRIAL GR CO LTD A SHS ORD CNY1	21,668,847	5,179,683	-	26,848,530	-
INNER MONGOLIAN BAOTOU STEEL UNION CO LTD A SHR ORD CNY1	-	53,057,287	-	12,537,100	40,520,187
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	3,539,167	3,439,251	198,853	4,920,848	2,256,423
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	14,909,737	13,681,894	-	19,889,900	8,701,731
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	3,967,031	4,089,520	-	5,255,300	2,801,251
PETROCHINA CO LTD A SHRS CNY1	34,909,220	32,018,712	-	46,773,700	20,154,232
PING AN BANK CO LTD A SHR ORD CNY1	41,385,367	44,654,451	4,959,157	61,085,500	29,913,475
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	34,254,909	55,403,812	21,403,971	65,222,100	45,840,592
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	-	20,599,966	-	4,850,700	15,749,266
SAIC MOTOR CORP LTD A SHR ORD CNY1	19,961,940	18,290,968	-	26,722,200	11,530,708

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**STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)**  
*For the year ended 31 December 2015*

	<b>Holdings</b>				
	<b>1 January 2015</b>	<b>Additions</b>	<b>Corporate actions</b>	<b>Disposals</b>	<b>31 December 2015</b>
<b>Investments (continued)</b>					
<b>Listed equities (continued)</b>					
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV	-	15,960,953	-	5,166,200	10,794,753
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY1	19,625,476	23,959,525	-	28,584,900	15,000,101
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	85,255,800	77,855,032	-	113,890,328	49,220,504
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	-	3,536,208	-	1,365,500	2,170,708
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	-	21,316,825	-	5,039,500	16,277,325
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	-	35,060,361	-	16,312,100	18,748,261
ZHEJIANG ZHENENG ELECTRIC - A SHRS ORD CNY1	-	16,857,114	-	3,987,200	12,869,914
	=====	=====	=====	=====	=====



**CSOP FTSE CHINA A50 ETF**  
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**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 year dated		
31 December 2015	18,330,645,111	10.6884
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 year/period ended		
31 December 2015	15.0028	8.6763
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**

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Hong Kong

**Adviser**

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**Custodian**

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Limited  
1 Queen's Road Central  
Hong Kong

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**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)

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