

平成 28 年 12 月期 決算短信 (平成 28 年 1 月 1 日～平成 28 年 12 月 31 日)
Earnings Report for Fiscal Year ended December 2016 (January 1, 2016 – December 31, 2016)

平成 29 年 5 月 9 日

May 9, 2017

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 29 年 6 月
Scheduled submission date of Annual Securities June 2017
Report:

I ファンドの運用状況

I Fund Management

- 平成 28 年 12 月期の運用状況 (平成 28 年 1 月 1 日～平成 28 年 12 月 31 日)
- Management Status for Fiscal Year ended December 2016 (from January 1, 2016 to December 31, 2016)

(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.	%
28 年 12 月期 FY ended December 2016	277,071	99.91	237	0.09	277,308	100
27 年 12 月期 FY ended December 2015	294,089	99.46	1,583	0.54	295,673	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
28 年 12 月期 FY ended December 2016	1,715,000	1,121,000	1,100,500	1,735,500
27 年 12 月期 FY ended December 2015	2,649,500	2,564,500	3,499,000	1,715,000

(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
28 年 12 月期 FY ended December 2016	277,743	434	277,308	159
27 年 12 月期 FY ended December 2015	297,568	1,894	295,673	172

(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
28 年 12 月期 FY ended December 2016	383	0	330	53

(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
28 年 12 月期 FY ended December 2016	13
27 年 12 月期 FY ended December 2015	13

注) 日本円への換算は、1 人民元 = 16.13 円 (平成 29 年 4 月 28 日東京時間午後 5 時現在のブルームバーグによる人民元 (CNH) /米国ドル及び米国ドル/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 CNH 1.00 = JPY 16.13, which represents the middle rates for CNH-USD and USD-JPY as of 17:00 Tokyo time on April 28, 2017 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 2016

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 authorised 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 17 November 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 2016. 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 17 November 2014.

Change to the type of the Underlying Index

The Sub-Fund is benchmarked against FTSE China A50 price return 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)

Sub-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 December 2016 (last trading date), the dealing Net Asset Value (“NAV”) per unit of the CSOP A50 ETF was RMB9.9065 and there were 1,735,500,000 units outstanding. The total asset under management was approximately RMB17.2 billion.

For the period from 1 January 2016 to 30 December 2016 (last trading date), the FTSE China A50 net return index decreased by 4.26% while the dealing NAV decreased by 7.32%. The difference in performance between the NAV of the CSOP A50 ETF and the Index is mainly attributed to dividends paid to unitholders, fees and expenses including tax on dividends. In the secondary market, YTD net total return of the RMB counter (stock code 82822) was -6.90%.

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 RMB10.0 million in December 2016. The trading value of the HKD counter (stock code: 02822) remained steadily at an average daily turnover of HKD488.6 million in December 2016. 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 eighteen 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 2016.

HSBC Institutional Trust Services (Asia) Limited
28 April 2017

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 2016, the Trust has established seven 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, CSOP MSCI China A International ETF and CSOP S&P New China Sectors 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 Audit of the Financial Statements

Opinion

What 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 9 to 31, which comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2016, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

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

Key Audit Matters

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

**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)**

Key Audit Matters (Continued)

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

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><u>Existence and valuation of investments</u></p> <p>The Sub-Fund's investments as at 31 December 2016 were mainly comprised of listed equities of companies in the People's Republic of China, valued at RMB17,177,372,883. These investments held by the Sub-Fund include listed equities of RMB168,414,838 which have been suspended from trading as at 31 December 2016.</p> <p>We focused on the existence and valuation of the investments because the investments represented the principal element of the Sub-Fund's net asset value. In addition, we also focused on the valuation of listed equities which have been suspended from trading as at 31 December 2016 because the judgement made by the Manager in determining their fair values involved a high degree of subjectivity.</p> <p>Refer to note 8 to the financial statements.</p>	<p>We agreed the existence of the Sub-Fund's holdings of investments by obtaining a direct confirmation from the custodian and checking the confirmation to the Sub-Fund's records. Based on the procedures we performed, we found the Sub-Fund's holdings of investments to be in agreement with the confirmation received.</p> <p>We agreed the valuation of the Sub-Fund's investments by comparing the pricing used by the Manager to the publicly available external pricing sources as at 31 December 2016. We found no material exceptions from our testing.</p> <p>In addition, for investments which have been suspended from trading as at the year end, we assessed the appropriateness of the valuation methodology adopted by the Manager. We also assessed the judgements made in determining the valuation of these investments by considering factors which may impact their fair values, including the duration of the suspension period, the relevant market information and news of the suspended listed equities, the price movement of comparable listed equities/index during the suspension period and if applicable, the market prices of the suspended listed equities upon resumption of trading after year end.</p> <p>Based on the procedures we performed, we found the judgements made by the Manager in determining the valuation of the investments to be supported by available evidence.</p>

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

In addition, the Management of the Sub-Fund is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 25 July 2012, as amended ("Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Hong Kong Securities and Futures Commission (the "SFC Code").

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**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)**

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Matters Under the Relevant Disclosure Provisions of the Trust Deed and the SFC Code

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

The engagement partner on the audit resulting in this independent auditor's report is Ms. Li, Lien.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 April 2017

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Notes</i>	2016 <i>RMB</i>	2015 <i>RMB</i>
ASSETS			
NON-CURRENT ASSETS			
Deposit reserve		1,383,200	4,519,200
CURRENT ASSETS			
Investments	7(c),8(a)	17,177,372,883	18,232,458,944
Interest receivable		1,668	13,191
Bank balances	7(c)	40,277,923	211,123,590
		<u>17,217,652,474</u>	<u>18,443,595,725</u>
Total assets		<u>17,219,035,674</u>	<u>18,448,114,925</u>
LIABILITIES			
CURRENT LIABILITIES			
Amounts due to participating dealers		-	50,270,324
Amounts due to brokers		-	45,247,158
Management fee payable	7(a)	15,084,826	15,335,223
Trustee fee payable	7(b)	1,334,177	1,354,716
License fee payable		10,065,032	5,007,631
Other accounts payable		456,872	254,762
		<u>26,940,907</u>	<u>117,469,814</u>
Total liabilities		<u>26,940,907</u>	<u>117,469,814</u>
EQUITY			
Net assets attributable to unitholders	4	<u>17,192,094,767</u>	<u>18,330,645,111</u>

The financial statements on pages 9 to 31 were approved by the Trustee and the Manager on 28 April 2017 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 13 to 31 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 2016

		Year ended 31 December 2016 RMB	Year ended 31 December 2015 RMB
	<i>Notes</i>		
INCOME			
Dividend income		673,935,739	515,836,928
Interest income	7(c)	439,200	1,266,203
Net (loss)/gain on investments	5	(655,646,422)	1,169,787,362
Other income		17,426,833	136,361,232
Total net income		<u>36,155,350</u>	<u>1,823,251,725</u>
		-----	-----
EXPENSES			
Management fee	7(a)	(187,773,099)	(219,184,399)
Trustee fee	7(b)	(16,533,580)	(19,071,871)
Transaction costs of investments		(47,862,545)	(124,580,526)
Audit fee		(688,704)	(571,094)
Safe custody and bank charges		(1,569,291)	(1,255,328)
Legal and other professional fee		(743,911)	(145,009)
License fee	7(d)	(19,481,156)	(22,984,953)
Other operating expenses		(617,262)	(761,532)
Total operating expenses		<u>(275,269,548)</u>	<u>(388,554,712)</u>
		-----	-----
Operating (loss)/profit		(239,114,198)	1,434,697,013
		-----	-----
Taxation	6	(69,742,996)	1,099,713
		<u>-----</u>	<u>-----</u>
Total comprehensive income		<u>(308,857,194)</u>	<u>1,435,796,726</u>
		=====	=====

The notes on pages 13 to 31 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 2016

		Year ended 31 December 2016 RMB	Year ended 31 December 2015 RMB
Net assets attributable to unitholders at the beginning of the year	<i>Note</i>	18,330,645,111	30,196,914,185
Proceeds on issue of units		10,278,016,450	28,808,943,850
Payments on redemption of units		(10,634,399,600)	(41,697,259,650)
Net decrease from unit transactions		(356,383,150)	(12,888,315,800)
Distribution to unitholders	9	(473,310,000)	(413,750,000)
Total comprehensive income for the year		(308,857,194)	1,435,796,726
Net assets attributable to unitholders at the end of the year		17,192,094,767	18,330,645,111

The notes on pages 13 to 31 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 2016

	Year ended 31 December 2016 <i>RMB</i>	Year ended 31 December 2015 <i>RMB</i>
OPERATING ACTIVITIES		
Payments for purchase of investments	(16,806,448,748)	(35,542,981,175)
Proceeds from sale of investments	17,160,641,229	48,721,065,472
Dividend received	673,935,739	515,836,928
Interest received	450,723	1,270,418
Other income received	17,426,833	136,361,232
Management fee paid	(188,023,496)	(230,035,834)
Transaction costs paid	(47,862,545)	(124,580,526)
Taxation paid	(69,742,996)	(54,477,810)
Other operating expenses paid	(34,394,932)	(40,537,538)
Deposit reserve received	3,136,000	5,224,800
	<hr/>	<hr/>
Net cash generated from operating activities	709,117,807	13,387,145,967
	<hr/>	<hr/>
FINANCING ACTIVITIES		
Proceeds on issue of units	10,278,016,450	28,808,943,850
Payments on redemption of units	(10,684,669,924)	(42,672,166,428)
Distribution paid	(473,310,000)	(413,750,000)
	<hr/>	<hr/>
Net cash used in financing activities	(879,963,474)	(14,276,972,578)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(170,845,667)	(889,826,611)
Cash and cash equivalents at the beginning of the year	<hr/> 211,123,590	<hr/> 1,100,950,201
Cash and cash equivalents at the end of the year	<hr/> 40,277,923	<hr/> 211,123,590
	<hr/>	<hr/>
Analysis of balances of cash and cash equivalents		
Bank balances	<hr/> 40,277,923	<hr/> 211,123,590
	<hr/>	<hr/>

The notes on pages 13 to 31 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 2016, the Trust has seven 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, CSOP MSCI China A International ETF and CSOP S&P New China Sectors 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, CSOP MSCI China A International ETF and CSOP S&P New China Sectors ETF have been prepared separately.

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

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 2016

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2016 that would be expected to have a significant impact on the Sub-Fund.

New standard and amendments to standards effective after 1 January 2016 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Sub-Fund except the following set out below:

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 (“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 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. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Sub-Fund is yet to assess HKFRS 9’s full impact.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

New standard and amendments to standards effective after 1 January 2016 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund (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.

The HKICPA has issued an amendment to HKAS 7, "Statement of cash flows" introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the HKICPA's disclosure initiative, which continues to explore how financial statement disclosures can be improved. An entity shall apply those amendments to HKAS 7 for annual periods beginning on or after 1 January 2017. The Manager of the Sub-Fund is assessing the impact of HKAS7.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant 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.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Investments (Continued)

(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.

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.

(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.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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/(loss) 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.

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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 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.

(a) 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.

The Sub-Fund invests in A-shares securities which are issued within the PRC through the RQFII quotas of the Manager and the Stock Connect. 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.

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").

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

NOTES TO THE FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

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

Notice issued on 14 November 2014 (Continued)

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 unrealised gains for China A-shares.

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. Refer to Note 6.

For the financial year ended 31 December 2016

No PRC withholding tax on gains derived from the sale of A-shares is provided by the Sub-Fund for the year ended 31 December 2016.

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

NOTES TO THE FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (Continued)

(b) Fair value of securities that are suspended from trading

As at 31 December 2016 and 2015, there were listed equities which have been suspended for trading mainly due to business restructuring. Management made its judgement in determining the fair values of these investments and involved a higher degree of subjectivity. Management judgement in determining the fair values of the suspended investments includes factors such as the duration of suspension period, the relevant market information and news of the suspended listed equities, the price movement of comparable listed equities/index during the suspension period and, if applicable, the market prices of the suspended listed equities upon resumption of trading after year end.

As at 31 December 2016 and 2015, these investments held by the Sub-Fund included listed equities of RMB168,414,838 (2015: RMB986,062,422) which have been suspended for trading. Having considered the factors mentioned above, management has based on their best estimation and concluded using the latest available price before suspension as the fair value of the investments as at 31 December 2016 and 2015. Refer to Note 8(d).

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.

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 2016 and 2015 are as follows:

	2016 units	2015 units
Number of units in issue at the beginning of the year	1,715,000,000	2,649,500,000
Units issued	1,121,000,000	2,564,500,000
Units redeemed	(1,100,500,000)	(3,499,000,000)
Number of units in issue at the end of the year	<u>1,735,500,000</u>	<u>1,715,000,000</u>

As stated in Note 2(m), establishment costs are expensed as incurred. However, in accordance with the provisions of the Trust's Prospectus, establishment costs are recognised using the amortisation method. As at 31 December 2016 and 2015, the expensing of establishment costs as stated in the financial statements resulted in a decrease of net assets attributable to unitholders of RMB88,045 (2015: RMB496,875) when compared with the methodology indicated in the Trust's Prospectus.

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

NOTES TO THE FINANCIAL STATEMENTS

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

	2016 <i>RMB</i>	2015 <i>RMB</i>
Net assets attributable to unitholders as reported in the statement of financial position	17,192,094,767	18,330,645,111
Adjustments for unamortised establishment costs	88,045	496,875
	<hr/>	<hr/>
Net asset value in accordance with the Trust's Prospectus	17,192,182,812	18,331,141,986
	<hr/>	<hr/>
Net assets attributable to unitholders per unit 31 December (per statement of financial position)	9.9061	10.6884
	<hr/>	<hr/>
Net assets attributable to unitholders per unit 31 December (at dealing net asset value)	9.9062	10.6887
	<hr/>	<hr/>

5. NET (LOSS)/GAIN ON INVESTMENTS

	2016 <i>RMB</i>	2015 <i>RMB</i>
Net fair value change in unrealised gain/loss in value of investments	(362,482,753)	(10,027,689,463)
Net realised (loss)/gain on sale of investments	(293,163,669)	11,197,476,825
	<hr/>	<hr/>
	(655,646,422)	1,169,787,362
	<hr/>	<hr/>

6. TAXATION

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

PRC 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.

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

NOTES TO THE FINANCIAL STATEMENTS

6. TAXATION (Continued)

The taxation of the Sub-Fund for the year ended 31 December 2016 and 2015 represents:

	2016 RMB	2015 RMB
Reversal on capital gain tax	-	(52,810,055)
	-	(52,810,055)
Withholding tax on dividend income	69,700,954	51,583,722
Withholding tax on interest income	42,042	126,620
	69,742,996	51,710,342
Tax expenses/(credit)	69,742,996	(1,099,713)

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

	2016 RMB	2015 RMB
At the beginning of the year	-	55,577,523
Taxation charged to the statement of comprehensive income for the year	69,742,996	51,710,342
Reversal of current tax liabilities	-	(52,810,055)
Tax paid	(69,742,996)	(54,477,810)
At the end of the year	-	-

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 the Connected Persons of the Manager. 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 the Connected Persons of the Manager 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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

(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 2016 and 2015, 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 (2015: 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:

	2016 RMB	2015 RMB
Investments		
HSBC Bank (China) Company Limited	17,177,372,883	18,232,458,944
Bank balances		
The Hongkong and Shanghai Banking Corporation Limited	27,455,761	110,734,726
HSBC Bank (China) Company Limited	12,822,162	100,388,864
	40,277,923	211,123,590

Interest income amounted to RMB439,200 (2015: RMB1,266,203) was earned on these bank balances for the year ended 31 December 2016 and 2015.

(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 the Manager was reimbursed by the Sub-Fund for the license fee of RMB19,918,378 which was paid out by the Manager from 1 January 2015 to 16 November 2015. For the year ended 31 December 2016 and 2015, the amount of RMB19,481,156 represents the license fee (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 for 1 January 2015 to 16 November 2015).

CSOP FTSE CHINA A50 ETF
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NOTES TO THE FINANCIAL STATEMENTS

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.

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

	2016		2015	
	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	153,662,997	0.89	293,798,572	1.60
Consumer goods	2,045,331,472	11.90	1,353,533,151	7.38
Consumer Services	-	-	252,164,110	1.38
Financials	11,903,756,589	69.24	12,585,400,577	68.64
Health Care	88,029,586	0.51	86,329,057	0.47
Industrials	2,175,816,158	12.65	2,630,961,791	14.36
Oil & gas	402,492,070	2.34	404,247,010	2.21
Technology	35,907,130	0.21	-	-
Telecommunications	-	-	260,833,401	1.42
Utilities	372,376,881	2.17	365,191,275	2.00
	<u>17,177,372,883</u>	<u>99.91</u>	<u>18,232,458,944</u>	<u>99.46</u>

The Sub-Fund held 50 out of 50 (2015: 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.

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

8. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

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

As at 31 December 2016 and 2015, if the FTSE China A50 Index were to increase by 10% (2015: 10%) with all other variables held constant, this would increase the operating profit for the year by approximately RMB2,360,826,417 (2015: RMB1,798,355,679). Conversely, if the FTSE China A50 Index were to decrease by 10% (2015: 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 2016 and 2015, 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 31 December 2016 and 2015, the Sub-Fund placed bank balances of RMB27,455,761 (2015: RMB110,734,726) 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 (2015: A).

As at 31 December 2016 and 2015, the Sub-Fund placed bank balances of RMB12,822,162 (2015: RMB100,388,864) and investments of RMB17,177,372,883 (2015: RMB18,232,458,944) 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 (2015: A1).

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

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

The maximum exposure to credit risk as at 31 December 2016 and 2015 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 2016 and 2015.

(c) Liquidity risk

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

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

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

	Less than 1 month RMB	1 month to less than 3 months RMB	Over 3 months RMB	Total RMB
As at 31 December 2016				
Management fee payable	15,084,826	-	-	15,084,826
Trustee fee payable	-	1,334,177	-	1,334,177
License fee payable	-	10,065,032	-	10,065,032
Other accounts payable	-	720	456,152	456,872
Contractual cash outflow	15,084,826	11,399,929	456,152	26,940,907
As at 31 December 2015				
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
Trustee fee payable	-	1,354,716	-	1,354,716
License fee payable	-	5,007,631	-	5,007,631
Other accounts payable	-	4,081	250,681	254,762
Contractual cash outflow	110,852,705	6,366,428	250,681	117,469,814

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Units are redeemed on demand at the unitholder's option. As at 31 December 2016 and 2015, there were 2 (2015: 2) 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>
As at 31 December 2016				
Total assets	17,217,650,806	1,668	1,383,200	17,219,035,674
As at 31 December 2015				
Total assets	17,457,520,112	13,191	990,581,622	18,448,114,925

(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.

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NOTES TO THE FINANCIAL STATEMENTS

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 31 December 2016 and 2015:

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2016				
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	17,008,958,045	168,414,838	-	17,177,372,883
Total assets	17,008,958,045	168,414,838	-	17,177,372,883
As at 31 December 2015				
Assets				
Financial assets at fair value through profit or loss				
- Equity securities	17,246,396,522	986,062,422	-	18,232,458,944
Total assets	17,246,396,522	986,062,422	-	18,232,458,944

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. Management has used best estimation and assessed all available information and considers that the last traded price is the best estimation of the fair value of level 2 investments as at 31 December 2016 and 2015.

As at 31 December 2016, one listed equity investment amounted to RMB168,414,838, represented 0.98% of the net asset value of the Sub-Fund, was suspended for trading due to voluntary business restructuring. The suspended instrument as at 31 December 2016 has resumed trading on 26 January 2017.

As at 31 December 2015, one 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 suspended instrument as at 31 December 2015 was disposed of during the year ended 31 December 2016.

The suspended equity investment of RMB168,414,838 (2015: RMB986,062,422) has been transferred from level 1 to level 2 and classified as level 2 investment during the year ended 31 December 2016 and 2015. Transfer between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 31 December 2016 and 2015, 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

	2016 <i>RMB</i>	2015 <i>RMB</i>
Final distribution		
RMB0.27 per unit on 1,753,000,000 units (2015: RMB0.25 per unit on 1,655,000,000 units)	473,310,000	413,750,000

The final distribution of RMB0.27 (2015: RMB0.25) per unit on 1,753,000,000 (2015: 1,655,000,000) units outstanding on the ex-dividend date 16 December 2016 (2015: 18 December 2015) was paid on 29 December 2016 (2015: 28 December 2015).

10. FINANCIAL INSTRUMENTS BY CATEGORY

As of 31 December 2016 and 2015, other than investments as disclosed in the financial statements which are classified as 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.

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NOTES TO THE FINANCIAL STATEMENTS

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 2016 and 2015.

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 2016 and 2015.

During the year ended 31 December 2016, the FTSE China A50 net return index decreased by 4.26% while the net asset value per unit of the Sub-Fund decreased by 7.32%.

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%.

12. SOFT COMMISSION ARRANGEMENT

The Manager has entered into soft commission arrangements for the year ended 31 December 2016 and the period from 21 January 2015 to 31 December 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.

The Manager confirms that there has been no soft commission arrangement existing in relation to directing transactions of the Sub-Fund through a broker or dealer for the period from 1 January 2015 to 20 January 2015.

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NOTES TO THE FINANCIAL STATEMENTS

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 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 RMB1,383,200 (2015: RMB4,519,200). The Sub-Fund has no other assets classified as non-current assets. As at 31 December 2016 and 2015, 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 28 April 2017.

CSOP FTSE CHINA A50 ETF
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INVESTMENT PORTFOLIO (Unaudited)

As at 31 December 2016

	Holdings	Fair value RMB	% of net assets
Investments (99.91%)			
Listed equities (99.91%)			
China (99.91%)			
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	169,324,240	524,905,144	3.05
BANK OF BEIJING CO LTD ORD CNY1 CL A	51,809,006	505,655,899	2.94
BANK OF CHINA LTD A SHS ORD CNY1	101,136,909	347,910,967	2.02
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	96,055,016	554,237,442	3.22
BYD CO LTD A SHRS ORD CNY1	2,608,428	129,586,703	0.75
CHINA CITIC BANK CORP A SHRS ORD CNY1	13,070,905	83,784,501	0.49
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	6,766,017	102,775,798	0.60
CHINA CONSTRUCTION BANK A SHS ORD CNY1	43,437,402	236,299,467	1.37
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	66,861,390	261,428,035	1.52
CHINA LIFE INSURANCE CO A SHS ORD NPV	6,995,066	168,511,140	0.98
CHINA MERCHANTS BANK A SHR ORD CNY1	56,794,541	999,583,922	5.81
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD ORD CNY1	9,862,609	161,648,162	0.94
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	110,609,387	1,004,333,234	5.84
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	18,671,959	131,824,031	0.77
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	12,088,523	335,698,284	1.95
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	45,853,671	248,068,360	1.44
CHINA RAILWAY GROUP LTD A ORD CNY1	26,829,768	237,711,744	1.38
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	18,217,091	217,876,408	1.27
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	9,497,095	153,662,997	0.89
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	42,291,398	299,846,012	1.74
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	57,581,485	510,171,957	2.97
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	19,001,015	240,552,850	1.40
CITIC SECURITIES CO LTD A SHR ORD CNY1	37,297,706	599,001,158	3.48
CRRC CORP LTD A SHR ORD CNY1	37,410,450	365,500,096	2.13
DAQIN RAILWAY CO LTD A SHS ORD CNY1	25,553,788	180,920,819	1.05
GF SECURITIES CO LTD A SHR ORD CNY1	12,214,227	205,931,867	1.20
GOUSEN SECURITIES CO LTD	5,902,116	91,777,904	0.53
GREENLAND HOLDINGS CORPORATION LIMITED A SHRS ORD1 CNY1	8,759,055	76,291,369	0.44
GUANGZHOU AUTOMOBILE GROUP CO LTD A SHRS ORD CNY1	1,824,100	42,264,397	0.25
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	16,100,251	299,303,666	1.74
HAITONG SECURITIES CO LTD CL A ORD CNY1	28,779,207	453,272,510	2.64
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	7,614,822	181,308,912	1.06

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INVESTMENT PORTFOLIO (Unaudited)
As at 31 December 2016

	Holdings	Fair value RMB	% of net assets
Investments (99.91%) (continued)			
Listed equities (99.91%) (continued)			
China (99.91%) (continued)			
HEDY HOLDING CO LTD A SHS ORD CNY1	2,516,267	35,907,130	0.21
HUATAI SECURITIES CO LTD A SHS ORD CNY1	12,576,704	224,619,933	1.31
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	103,499,173	456,431,353	2.66
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	65,825,216	1,062,418,986	6.18
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD A SHS ORD CNY1	1,741,311	122,936,557	0.72
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	2,170,941	725,419,935	4.22
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	16,885,632	475,668,253	2.77
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	2,701,506	118,271,933	0.69
PETROCHINA CO LTD A SHRS CNY1	19,424,366	154,423,710	0.90
PING AN BANK CO LTD A SHR ORD CNY1	34,603,650	314,893,215	1.83
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	44,184,368	1,565,452,158	9.11
POLY REAL ESTATE GROUP CO LTD A SHR ORD CNY1	28,444,350	259,696,916	1.51
SAIC MOTOR CORP LTD A SHR ORD CNY1	11,110,300	260,536,535	1.52
SHANGHAI INTERNATIONAL PORT GR LTD A SHR ORD CNY1	15,567,268	79,704,412	0.46
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	50,831,745	823,982,586	4.79
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	3,812,455	88,029,586	0.51
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	26,946,374	168,414,838	0.98
WULIANGYE YIBIN CO LTD A SHS ORD CNY1	8,379,324	288,919,092	1.68
		<hr/>	<hr/>
Total investments		17,177,372,883	99.91
Other net assets		14,721,884	0.09
		<hr/>	<hr/>
Net assets attributable to unitholders at 31 December 2016		17,192,094,767	100.00
		<hr/>	<hr/>
Total investments, at cost		16,646,672,338	

CSOP FTSE CHINA A50 ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the year ended 31 December 2016

	Holdings				
	1 January 2016	Additions	Corporate actions	Disposals	31 December 2016
Investments					
Listed equities					
AGRICULTURAL BANK OF CHINA A SHS ORD CNY1	175,668,007	131,493,333	-	137,837,100	169,324,240
BANK OF BEIJING CO LTD ORD CNY1 CL A	-	75,076,497	11,916,509	35,184,000	51,809,006
BANK OF CHINA LTD A SHS ORD CNY1	104,932,872	74,858,437	-	78,654,400	101,136,909
BANK OF COMMUNICATIONS LTD A SHRS ORD CNY1	84,023,304	91,361,512	-	79,329,800	96,055,016
BYD CO LTD A SHRS ORD CNY1	2,021,628	2,430,700	-	1,843,900	2,608,428
CHINA CITIC BANK CORP A SHRS ORD CNY1	14,320,870	19,081,435	-	20,331,400	13,070,905
CHINA COMMUNICATIONS CONSTRUCTION CO LTD A SHS ORD NPV	7,023,666	6,023,651	-	6,281,300	6,766,017
CHINA CONSTRUCTION BANK A SHS ORD CNY1	45,069,414	36,677,288	-	38,309,300	43,437,402
CHINA EVERBRIGHT BANK CO LTD A ORD CNY1	69,371,179	55,535,611	-	58,045,400	66,861,390
CHINA LIFE INSURANCE CO A SHS ORD NPV	7,254,318	7,118,748	-	7,378,000	6,995,066
CHINA MERCHANTS BANK A SHR ORD CNY1	58,923,347	51,805,794	-	53,934,600	56,794,541
CHINA MERCHANTS SHEKOU INDUSTRIAL ZONE CO LTD ORD CNY1	-	16,393,409	-	6,530,800	9,862,609
CHINA MINSHENG BANKING CO LTD A SHR ORD CNY1	116,230,364	110,506,216	-	116,127,193	110,609,387
CHINA NATIONAL NUCLEAR POWER CO LTD A SHS ORD CNY1	19,570,895	15,358,364	-	16,257,300	18,671,959
CHINA PACIFIC INSURANCE GROUP A SHR ORD CNY1	12,546,562	10,566,961	-	11,025,000	12,088,523
CHINA PETROLEUM & CHEMICAL CORP CL A ORD CNY1	47,572,414	37,317,957	-	39,036,700	45,853,671

CSOP FTSE CHINA A50 ETF
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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)
For the year ended 31 December 2016

	Holdings				
	1 January 2016	Additions	Corporate actions	Disposals	31 December 2016
Investments (Continued)					
Listed equities (Continued)					
CHINA RAILWAY GROUP LTD A ORD CNY1	27,830,695	19,948,373	-	20,949,300	26,829,768
CHINA RAILWAYS CONSTRUCTION CORP A SHS ORD CNY1	13,742,304	20,752,987	-	16,278,200	18,217,091
CHINA SHENHUA ENERGY CO LTD A SHS ORD CNY1	9,854,422	10,208,773	-	10,566,100	9,497,095
CHINA SHIPBUILDING INDUSTRY CO LTD A SHR ORD CNY1	43,875,207	42,441,191	-	44,025,000	42,291,398
CHINA STATE CONSTRUCTION ENGINEERING CORP LTD A SHR ORD CNY1	59,746,275	59,704,910	-	61,869,700	57,581,485
CHINA UNITED NETWORK COMMUNICATIONS LTD A SHRS ORD CNY1	42,206,052	32,322,672	-	74,528,724	-
CHINA VANKE CO LTD A SHR ORD CNY1	40,362,768	-	-	40,362,768	-
CHINA YANGTZE POWER CO LTD CL A ORD CNY1	-	19,193,515	-	192,500	19,001,015
CITIC SECURITIES CO LTD A SHR ORD CNY1	38,693,784	33,879,233	-	35,275,311	37,297,706
CRRC CORP LTD A SHR ORD CNY1	38,808,845	32,971,105	-	34,369,500	37,410,450
DAQIN RAILWAY CO LTD A SHS ORD CNY1	26,507,572	20,635,716	-	21,589,500	25,553,788
GF SECURITIES CO LTD A SHR ORD CNY1	11,497,827	8,803,300	-	8,086,900	12,214,227
GOUSEN SECURITIES CO LTD	6,124,716	4,345,800	-	4,568,400	5,902,116
GREE ELECTRIC APPLIANCES INC OF ZHUHAI A SHS ORD CNY1	8,981,608	3,147,400	-	12,129,008	-
GREENLAND HOLDINGS CORPORATION LIMITED A SHRS ORD1 CNY1	-	16,385,555	-	7,626,500	8,759,055

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the year ended 31 December 2016

	Holdings				
	1 January 2016	Additions	Corporate actions	Disposals	31 December 2016
Investments (Continued)					
Listed equities (Continued)					
GUANGZHOU AUTOMOBILE GROUP CO LTD A SHRS ORD CNY1	-	2,499,900	-	675,800	1,824,100
GUOTAI JUNAN SECURITIES CO LTD A SHRS ORD NPV	7,589,830	27,493,421	-	18,983,000	16,100,251
HAITONG SECURITIES CO LTD CL A ORD CNY1	29,855,608	26,592,299	-	27,668,700	28,779,207
HANGZHOU HIKVISION DIGITAL TECHNOLOGY CO LTD A SHS ORD NPV	5,262,315	4,874,000	2,673,307	5,194,800	7,614,822
HEDY HOLDING CO LTD A SHS ORD CNY1	-	2,430,117	1,350,250	1,264,100	2,516,267
HUANENG POWER INTERNATIONAL INC A SHS ORD CNY1	9,403,125	9,280,518	-	18,683,643	-
HUATAI SECURITIES CO LTD A SHS ORD CNY1	11,412,065	12,334,139	-	11,169,500	12,576,704
INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD A SHS ORD CNY1	107,382,054	89,131,119	-	93,014,000	103,499,173
INDUSTRIAL BANK CO LTD A SHR ORD CNY1	56,906,721	77,464,695	-	68,546,200	65,825,216
INNER MONGOLIAN BAOTOU STEEL UNION CO LTD A SHR ORD CNY1	40,520,187	49,963,947	-	90,484,134	-
JIANGSU YANGHE BREWERY JOINT-STOCK CO LTD A SHS ORD CNY1	-	2,439,311	-	698,000	1,741,311
KWEICHOW MOUTAI CO LTD A SHR ORD CNY1	2,256,423	2,038,818	-	2,124,300	2,170,941
MIDEA GROUP COMPANY LIMITED A SHR ORD NPV	8,701,731	11,707,936	4,762,565	8,286,600	16,885,632
NEW CHINA LIFE INSURANCE CO LTD A SHRS ORD NPV	2,801,251	2,294,455	-	2,394,200	2,701,506
PETROCHINA CO LTD A SHRS CNY1	20,154,232	19,436,834	-	20,166,700	19,424,366

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STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the year ended 31 December 2016

	Holdings				
	1 January 2016	Additions	Corporate actions	Disposals	31 December 2016
Investments (Continued)					
Listed equities (Continued)					
PING AN BANK CO LTD A SHR ORD CNY1	29,913,475	21,691,900	7,951,375	24,953,100	34,603,650
PING AN INSURANCE (GROUP) CO OF CHINA LTD A SHR ORD CNY1	45,840,592	43,277,076	-	44,933,300	44,184,368
POLY REAL ESTATE GROUP CO LTD A SHR ORD CNY1	-	55,859,650	-	27,415,300	28,444,350
POWER CONSTRUCTION CORPORATION OF CHINA A SHRS ORD CNY1	15,749,266	9,745,381	-	25,494,647	-
SAIC MOTOR CORP LTD A SHR ORD CNY1	11,530,708	12,013,892	-	12,434,300	11,110,300
SHANGHAI ELECTRIC GRP CO LTD-A ORD NPV SHANGHAI	10,794,753	2,421,301	-	13,216,054	-
INTERNATIONAL PORT GR LTD A SHR ORD CNY1	15,000,101	11,181,767	-	10,614,600	15,567,268
SHANGHAI PUDONG DEVELOPMENT BANK CO LTD A SHR ORD CNY1	49,220,504	46,518,885	6,318,539	51,226,183	50,831,745
SHANGHAI RAAS BLOOD PRODUCTS CO LTD A SHR ORD CNY1	2,170,708	1,502,567	2,029,180	1,890,000	3,812,455
SHENWAN HONGYUAN GROUP CO LTD A SHRS ORD CNY1	16,277,325	18,585,000	9,553,049	17,469,000	26,946,374
SUNING COMMERCE GROUP CO LTD A SHR ORD CNY1	18,748,261	4,265,600	-	23,013,861	-
WULIANGYE YIBIN CO LTD A SHS ORD CNY1	-	12,246,324	-	3,867,000	8,379,324
ZHEJIANG ZHENENG ELECTRIC - A SHRS ORD CNY1	12,869,914	2,944,493	-	15,814,407	-

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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/period dated		
31 December 2016	17,192,182,812	9.9062
31 December 2015	18,331,141,986	10.6887
31 December 2014	30,197,818,771	11.3976

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 2016	10.8850	8.5007
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
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