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# Source CSOP Markets plc

Interim report and unaudited  
financial statements

For the financial period ended 30 June 2017



# Contents

Organisation	1
General Information	2
Investment Manager's Report	4
<b>Financial Statements of the Company</b>	
Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares	9
Statement of Cash Flows	9
Notes to the Financial Statements	10
Schedule of Investments	24
Schedule of Material Portfolio Changes	26

# Organisation

## Interim Report and Unaudited Financial Statements 2017

### Registered Office of the Company\*\*\*

32 Molesworth Street  
Dublin 2  
Ireland

### Manager\*\*\*

Source Investment Management  
Limited  
32 Molesworth Street  
Dublin 2  
Ireland

### Administrator

HSBC Securities Services (Ireland) DAC  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

### Independent Auditors

PricewaterhouseCoopers  
Chartered Accountants and  
Registered Auditor  
One Spencer Dock  
North Wall Quay  
Dublin 1  
Ireland

### Directors of the Company

Mike Kirby (Irish)\*  
Feargal Dempsey (Irish)\*\*  
Chen Ding (Hong Kong)\*  
Helen Lingli Zhou (Hong Kong)\*

### Investment Manager

CSOP Asset Management Limited  
Suite 2802, Two Exchange Square  
Connaught Place  
Central  
Hong Kong

### Secretary\*\*\*

MFD Secretaries Limited  
32 Molesworth Street  
Dublin 2  
Ireland

### Promoter

Source UK Services Limited  
9th Floor, 110 Cannon Street  
London EC4N 6EU  
United Kingdom

### Legal Advisor (Ireland)

Maples and Calder  
75 St. Stephen's Green  
Dublin 2  
Ireland

### Hong Kong/PRC Legal Advisors to the Promoter and the Company in Relation to RQFII and Depositary

Clifford Chance, Hong Kong  
28th Floor Jardine House  
One Connaught Place  
Hong Kong

### Depositary

HSBC Institutional Trust Services  
(Ireland) DAC  
1 Grand Canal Square  
Grand Canal Harbour  
Dublin 2  
Ireland

### Registrar

Capita Registrars  
24 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

### Authorised Participants

Bank of America  
Merrill Lynch International Limited  
Merrill Lynch Financial Centre  
2 King Edward Street  
London, EC1A 1HQ  
United Kingdom

J.P. Morgan Securities Limited  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

Goldman Sachs International  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

UBS AG  
5 Broadgate  
London, EC2M 2QS  
United Kingdom

Registered no. of Company: 536094

\* Non-executive Directors

\*\* Independent non-executive Directors

\*\*\* Located at Beaux Lane House, Mercer Street  
Lower, Dublin 2, Ireland prior to 8 May 2017.

# General Information

## Interim Report and Unaudited Financial Statements 2017

### Description

Source CSOP Markets Public Limited Company (the "Company") is an open-ended variable capital company with segregated liability between the sub-funds of the Company ("Fund"). The Company was incorporated on 29 November 2013. It is organised under the laws of Ireland as a public limited company pursuant to the Companies Act 2014 (as amended) and as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended) (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (as amended) (the "Central Bank UCITS Regulations").

The Company is structured as an umbrella investment company, and comprises separate Funds which may be established from time to time by the Directors with the prior approval of the Central Bank of Ireland (the "Central Bank").

A Fund is defined as a separate portfolio of assets which is invested in accordance with the investment objective and policies set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such portfolio shall be applied and charged.

The particulars of each Fund are set out in a separate Supplement. Redeemable Shares or Shares (these terms are used interchangeably throughout the financial statements) of more than one Class may be issued in relation to each Fund. Information contained within the Supplement is selective and should be read in conjunction with the Prospectus. On the introduction of any new Class of Shares, the Company prepares and the Directors will issue documentation setting out the relevant details of each such Class of Shares. Investments are made in accordance with the investment objective applicable to each Fund.

CSOP Source FTSE China A50 UCITS ETF is in existence as at 30 June 2017.

CSOP Source Citi Chinese 1-3 Year Government Bond UCITS ETF was authorised by the Central Bank of Ireland on 11 December 2014. However, this Fund was not launched as at 30 June 2017.

Except where otherwise stated or the context requires, capitalised terms have the meaning given to them in the Prospectus of the Company dated 19 May 2015.

### Investment objective and policy

The investment objective of CSOP Source FTSE China A50 UCITS ETF is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the Reference Index, namely, FTSE China A50 PR Index (the "Reference Index").

The Reference Index is a free float-adjusted market capitalisation weighted index compiled and published by FTSE. The Investment Manager is independent of the FTSE International Limited, being the "Index Provider". The Reference Index is a real-time, tradable index comprising Index Securities being China A-Shares issued by the largest 50 companies by full market capitalisation of the FTSE China A All-Share Index. The Reference Index is a subset of the FTSE China A 200 Index. The Reference Index is a price return index which means that it does not include the reinvestment of dividends from the Index Securities. The Reference Index is denominated and quoted in RMB.

There is no assurance that the Fund will achieve its investment objective.

In order to achieve the investment objective, the Investment Manager will normally use a replication strategy by investing directly in Index Securities which constitute the Reference Index in substantially the same weightings (i.e. proportions) as such Index Securities have in the Reference Index.

The Fund will not invest in derivatives instruments (including structured deposits, products or instruments) for investment or hedging purposes. Furthermore, the Fund itself will not be leveraged for investment, efficient portfolio management or hedging purposes and will therefore not be subject to any shortfall risk.

The Fund will invest on a long-only basis.

This Fund is an Exchange Traded Fund ("ETF").

## Interim Report and Unaudited Financial Statements 2017

### Investment objective and policy (continued)

The Shares of this Fund are fully transferable among investors and will be listed and/or traded on the relevant exchange.

The investment objective of the Fund may not be altered, and material changes to the investment policy of the Fund may not be made, without prior approval of Shareholders on the basis of (i) a majority of votes cast at a meeting of the Shareholders of the Fund duly convened and held or (ii) with the prior written approval of all Shareholders of the Fund. In the event of a change of the investment objective and/or a material change in the investment policy of the Fund, Shareholders in the Fund will be given reasonable notice of such change to enable them to redeem their Shares prior to implementation of such a change.

As at 30 June 2017, the Company had one active Fund:

	Launch date	Functional currency
CSOP Source FTSE China A50 UCITS ETF	07/01/2014	RMB

As at 30 June 2017, the listing details of the Fund are:

	Listing
CSOP Source FTSE China A50 UCITS ETF	London Stock Exchange*
	Irish Stock Exchange
	SIX Swiss Exchange*
	Deutsche Börse (Xetra)*
	Borsa Italiana*

\*Fund is admitted to trading on the exchange.



# Interim Report and Unaudited Financial Statements 2017

## Fund review (continued)

Euphoria is undoubtedly the dominant theme in the first half of the year as wildcard President Trump moderated his China stance, economic growth proved buoyant and the country's capital market became more relevant thanks to the MSCI decision. FTSE China A50 Index returned 16.09% during the period, outperforming broader-based CSI300 Index and S&P Index (after currency adjustment) by 4.35% and 9.5% respectively.

January saw the year off to a particularly auspicious start. China's major A-Share index rose nearly 3% in a sense echoing President Xi's globalization-affirming keynote at Davos. The pro-free trade speech was widely praised by the chattering classes, sending a strong message that President Xi could be trusted as a global-minded leader in an era of resurgent nationalist protectionism. Both the State Council and the Ministry of Commerce of China delivered similarly good news not long after, announcing new regulations to encourage international investment in China and cultivate a more hospitable financial environment for foreign corporates. The People's Bank of China also kept itself busy in the month as it pumped in more than USD 60 billion to the market, a 'temporary facility' to avert a liquidity crunch ahead of the Chinese New Year holiday. To carefully avoid sending an easing signal, the bank maintained that the short-term injection did not represent a reversal of the stated "prudent and neutral" monetary policy goals for 2017.

Chinese investors were relieved in February by a passive Trump administration and heartened by the following positive development of the Sino-US relationship. As to the first of these events, President Xi and Trump broke several months of silence with an early February phone call, during which Trump agreed to honour the longstanding "One China" policy. Several weeks later, US Treasury Secretary Mnuchin declared that the United States was in "no rush" to label China a currency manipulator, formally negating one of Trump's signature campaign initiatives. Two months later, the leaders of the world's two largest economies met for first time in Florida and reached several agreements to enhance the trade cooperation. Taken together, these moves suggested that the Trump administration had moderated their stance on China.

A range of exciting economic data announced in March and April further enthused market sentiment, highlights of which included jaw-dropping 1Q 2017 GDP growth of 6.9% and better-than-expected trade data. China's economy kicked off the first quarter with the strongest performance since mid-2015, exceeding both government guidance and market consensus.

The GDP growth was boosted by domestic consumption, property market expansion, infrastructure investment, credit growth and exports. As a highlight of the drivers, disposal income grew 7% in the 1Q 2017, contributing to 10.9% year-over-year (YoY) retail sales growth. Meanwhile the unexpected strong export data was primarily attributed to the improving trade relationship and a ticking-up global demand. Exports to the US expanded 20% YoY, amid softening stance of Trump administration. Meanwhile exports to other trade partners also turned robust as economic conditions in those regions continued to improve.

May brought several attempts at "reform and opening up", to borrow one of China's most important historical phrases. On "reform" side, encouraging macro data gave the authorities enough confidence to continue the deleverage process, tightening scrutiny on shadow-banking activities. Worried about the systematic risk associated with highly-leveraged asset pools, the Chinese Securities Regulatory Committee (CSRC) reiterated warnings on brokerage houses' asset pool business, which mingles funds of varying maturities into one single investment vehicle. The duration mismatch and excessive leverage had kept the regulators awake at night amid an environment of rising rate and slowing growth. On "opening up" side, President Xi hosted 29 foreign leaders in Beijing for the One Belt, One Road (OBOR) summit, his flagship initiative to revitalize China's famous Silk Road route. Market onlookers widely considered the gathering as a diplomatic victory for China as both emerging and developed countries showed great interest in securing Chinese capital to upgrade failing and non-existent infrastructure.

# Interim Report and Unaudited Financial Statements 2017

## Fund review (continued)

The long-awaited MSCI A-share decision was far and away the most cheerful event – if not all of 1H2017 – for China watchers. After performing their fourth global consultation, index provider MSCI announced the inclusion of China A-share in their Emerging Markets (EM) index beginning June 2018. Attributing their decision to improved A-share accessibility and relaxed repatriation controls, MSCI plans to add 222 large-cap names at 5% partial inclusion factor, representing 0.73% of the EM index weighting. In the short run, the decision is more symbolic than material, because the international investment community could largely ignore the share classes little presence. In the long run, however, MSCI's announcement is expected to shepherd inflow of USD 400 billion into the onshore equity market as the A-share weighting gradually increases. Indeed, upon total inclusion in a few years, China's proportion in the EM index could double to 43%, with A-share representing over 20%. Smart money is expected to build up A-share position before the asset class is oversaturated with an influx of passive money.

CSOP Asset Management Limited

Date: August 2017

# Financial Statements of the Company

## Interim Report and Unaudited Financial Statements 2017

Statement of comprehensive income	CSOP Source FTSE China A50 UCITS ETF		
For the six months ended 30 June 2017	Notes	Financial Period ended 30 June 2017* RMB	Financial Period ended 30 June 2016* RMB
<b>Income</b>			
Interest income	1(N)	3,328	1,673
Dividend income	1(K),15	956,343	839,929
Net gain/(loss) on financial assets at fair value through profit or loss	3	14,157,281	(11,780,865)
Other income	1(L),4	458,143	177,915
<b>Total investment income/(expense)</b>		<b>15,575,095</b>	<b>(10,761,348)</b>
<b>Expenses</b>			
Operating expenses	1(M),5	(923,549)	(662,353)
<b>Profit/(loss) for the financial period before tax</b>		<b>14,651,546</b>	<b>(11,423,701)</b>
Non reclaimable withholding tax	11	(95,634)	(84,782)
<b>Profit/(loss) for the financial period</b>		<b>14,555,912</b>	<b>(11,508,483)</b>
<b>Increase/(decrease) in Net Assets Attributable to Holders of Redeemable Shares</b>		<b>14,555,912</b>	<b>(11,508,483)</b>

\*The amounts shown also represent Company total amounts.

There are no recognised gains or losses arising in the financial period other than the increase/(decrease) in Net Assets Attributable to Holders of Redeemable Shares of the Company. In arriving at the results of the financial period, all amounts above relate to continuing operations.

The accompanying notes form an integral part of the Financial Statements.

## Interim Report and Unaudited Financial Statements 2017

Statement of financial position		CSOP Source FTSE China A50 UCITS ETF	
As at 30 June 2017	Notes	As at 30 June 2017* RMB	As at 31 December 2016* RMB
<b>Current Assets</b>			
<b>Assets at fair value through profit or loss</b>			
Financial assets at fair value through profit or loss	1(C), 2(G)	92,426,548	128,172,568
<b>Loans and receivables</b>			
Cash and cash equivalents	1(F),7	1,593,963	982,083
Clearing reserve	7	42,000	42,000
Debtors	8	60,083	-
<b>Total Current Assets</b>		<b>94,122,594</b>	<b>129,196,651</b>
<b>Current Liabilities</b>			
<b>Other financial liabilities</b>			
Creditors (amounts falling due within one year)	9	(1,035,975)	(721,531)
<b>Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)</b>		<b>(1,035,975)</b>	<b>(721,531)</b>
<b>Net Assets Attributable to Holders of Redeemable Shares</b>		<b>93,086,619</b>	<b>128,475,120</b>

\*The amounts shown also represent Company total amounts.

The accompanying notes form an integral part of the Financial Statements.

## Interim Report and Unaudited Financial Statements 2017

### Statement of changes in net assets attributable to holders of redeemable shares

### CSOP Source FTSE China A50 UCITS ETF

For the six months ended 30 June 2017	Financial Period ended 30 June 2017* RMB	Financial Period ended 30 June 2016* RMB
<b>Net Assets Attributable to Holders of Redeemable Shares at the beginning of the financial period</b>	<b>128,475,120</b>	<b>103,772,277</b>
Increase/(decrease) in Net Assets Attributable to Holders of Redeemable Shares	14,555,912	(11,508,483)
Proceeds from redeemable participating shares issued	61,661,920	22,421,352
Redemption of redeemable participating shares	(111,606,333)	(42,543,813)
<b>Net Assets Attributable to Holders of Redeemable Shares</b>	<b>93,086,619</b>	<b>72,141,333</b>

### Statement of cash flows

For the six months ended 30 June 2017	Notes	Financial Period ended 30 June 2017* RMB	Financial Period ended 30 June 2016* RMB
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		119,324,129	49,081,817
Purchase of investments		(69,420,828)	(29,185,677)
Dividend income received	1(K)	896,260	839,929
Interest income received	1(N)	3,328	1,673
Other income received		458,143	177,915
Operating expenses paid		(615,113)	(1,050,156)
Non reclaimable withholding tax paid		(89,626)	(84,782)
Capital gains tax paid		-	(265,085)
<b>Net cash inflow from operating activities</b>		<b>50,556,293</b>	<b>19,515,634</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of Redeemable Shares		61,661,920	22,421,352
Payments of redemptions of Redeemable Shares		(111,606,333)	(42,543,813)
<b>Net cash outflow from financing activities</b>		<b>(49,944,413)</b>	<b>(20,122,461)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>611,880</b>	<b>(606,827)</b>
Cash and cash equivalents at beginning of the financial period		982,083	1,649,552
<b>Cash and cash equivalents at the end of the financial period</b>	<b>7</b>	<b>1,593,963</b>	<b>1,042,725</b>

\*The amounts shown also represent Company total amounts.

The accompanying notes form an integral part of the Financial Statements.

# Interim Report and Unaudited Financial Statements 2017

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## Notes to the financial statements

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### 1. Significant accounting policies

#### A) (i) Basis of Preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2014 (as amended) applicable to companies reporting under IFRS and to the UCITS Regulations. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and liabilities held at fair value through profit or loss. The significant accounting policies are set out below.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting financial period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Notes 1 C) (iii) and 1 D).

The accounting policies are consistent with the prior financial period and comparative information has been included in accordance with IFRS.

### (ii) New Accounting Pronouncements not yet effective

#### IFRS 9 – Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the Financial Instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual financial periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The adoption of IFRS 9 is unlikely to have a material effect on the classification and measurement of the Company's financial assets or financial liabilities.

#### IFRS 15 – Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.

The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual financial periods beginning on or after 1 January 2018 with early adoption permitted. The adoption of IFRS 15 is not expected to have any material impact on the financial statements of the Company.

# Interim Report and Unaudited Financial Statements 2017

## 1. Significant accounting policies (continued)

### A) (iii) New Accounting Pronouncements effective from 1 January 2017

#### Amendments to IAS 7 - Statements of cash flow

Amendments to IAS 7, 'Statements of cash flow' effective for annual financial periods beginning on or after 1 January 2017. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary):

- (i) changes from financing cash flows;
- (ii) changes arising from obtaining or losing control of subsidiaries or other businesses;
- (iii) the effect of changes in foreign exchange rates;
- (iv) changes in fair values; and
- (v) other changes.

The amendments state that one way to fulfil the new disclosure requirement is to provide reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Finally, the amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities. The measurement and classification requirements do not have a significant impact on the financial statements.

### B) Foreign currency translation

#### Functional and presentation currency

The Board of Directors considers the Chinese Renminbi ("RMB") as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

The Financial Statements of the Company are presented in RMB, which is both the functional and presentation currency.

The average exchange rate used to convert other expenses incurred in EUR to RMB was RMB 7.5027 (30 June 2016: RMB 7.2967). Exchange gains and losses arising from these transactions are included in net loss on financial assets and liabilities at fair value through profit or loss in the Statement of Comprehensive Income.

### C) Financial assets at fair value through profit or loss

#### (i) Classification

IAS 39 (revised) sets out the requirements for recognition and measurement of all financial assets. The Company has classified all financial instruments as financial assets or financial liabilities at fair value through profit or loss on adoption of IAS 39.

The category of financial assets at fair value through profit or loss comprises:

- (a) Financial instruments held for trading: a financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
- (b) Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy.

All of the Fund's investments are classified as held for trading as at 30 June 2017, as applicable.

# Interim Report and Unaudited Financial Statements 2017

## 1. Significant accounting policies (continued)

### C) Financial assets at fair value through profit or loss (continued)

#### (ii) Recognition, derecognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date. Any gains and losses, arising from changes in fair value of the financial assets are recorded from this date.

The Company recognises financial assets on the date it becomes a party to the contractual provisions of the instrument, and all significant rights and access to the benefits from the assets or liabilities, and the exposure to the risks inherent in those benefits, are transferred to the Company. The Company derecognises financial assets when all such benefits and risks are transferred from the Company.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the Statement of Comprehensive Income with other net changes in fair value of financial assets at fair value through profit or loss in the financial period in which they arise.

#### (iii) Valuation of Investments

The estimation of fair value, after initial recognition, is determined as follows:

##### Listed investments

The fair value of investments (equities) which are quoted, listed, traded or dealt with on a market or exchange are based on quoted prices which, for the purpose of the Financial Statements, is the closing mid-market price for financial assets as at the Statement of Financial Position date.

Realised gains or losses on disposal of investments during the financial period and unrealised gains and losses on valuation of investments held at the financial period end are included in the Statement of Comprehensive Income, within net gain on financial assets at fair value through profit and loss.

#### (iv) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each financial position date to determine whether there is objective evidence of impairment.

If any such indication exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent financial period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

## D) Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined under Note 1(E) to 1(O).

All of the Fund's financial assets and financial liabilities are held for the purpose of being traded and designated at fair value through profit or loss.

## E) Fees and expenses

In accordance with the Prospectus the management fees are charged to the Statement of Comprehensive Income on an accruals basis. Other than the management fees, administration fees and trustee fees, all other fees and expenses incurred by the Fund including those payable to the Investment Manager, the Auditor and the Directors are paid by the Manager.

# Interim Report and Unaudited Financial Statements 2017

## 1. Significant accounting policies (continued)

### F) Cash and cash equivalents

Cash balances represent residual cash subsequent to trading. As at 30 June 2017, cash in the Fund was held on deposit with an affiliate of the Depository, HSBC Bank plc; details of which are disclosed in the Cash and Cash Equivalents note of the Financial Statements.

### G) Redeemable Shares

Redeemable Shares are redeemable at the Shareholders option and are classified as financial liabilities. Any distributions on these shares are recognised in the Statement of Comprehensive Income as finance costs.

### H) Fair value of net assets attributable to redeemable shareholders

In accordance with the provisions of the Prospectus and Supplement, listed investments are stated at the mid market price on the valuation day for the purpose of determining the net asset value per share for subscriptions and redemptions and for various fee calculations.

### I) Valuation point

The valuation used for the purposes of the Financial Statements is that of 30 June 2017, the last Business Day of the financial period.

### J) Distributions

There are no dividend entitlements for the shares of the Fund.

### K) Dividend income

In the financial period ended 30 June 2017, dividend income was received by the Fund from certain underlying holdings of the Fund. This is reflected as income to the Fund on an accruals basis, in line with the contractual terms.

Details of the current financial period's dividend income are disclosed in the Fund's Financial Statements.

### L) Subscriptions and Redemptions fee income

Subscriptions and Redemptions fee are incurred on each Share by Shareholders (which accordingly will not be incurred by the Company on behalf of the Fund and will not affect the Net Asset Value of the Fund). The Subscription charge is deducted from the investment amount received from an investor for subscription for Shares. Similarly, a Redemption charge is charged to a redeeming investor. Subscriptions and redemptions fees are included in other income in the Statement of Comprehensive Income. Subscriptions and redemptions fees charged to the investors during the financial period are detailed in Note 4.

### M) Transaction costs

Transaction costs are costs incurred to acquire financial assets at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers or dealers. Transaction costs, when incurred, are included in operating expenses in the Statement of Comprehensive Income. Transaction costs incurred during the financial period are detailed in Note 5.

### N) Interest income

Interest income is income related to cash and cash equivalents. This is reflected as income to the Fund on an accruals basis, in line with the contractual terms.

### O) Provision for capital gains tax exposure on China A-Shares

The Fund has exposure to China RQFII (Renminbi Qualified Foreign Institutional Investor) A-Shares listed on the stock exchanges in the PRC, under the RQFII programme. On 17 November 2014, a provision had been set aside for potential direct or indirect Capital Gains Tax liabilities derived from China RQFII A-Shares, payable to the issuers of the China A-Shares, in accordance with terms and conditions set out in the agreement between the Fund and the issuers of the China A-Shares.

# Interim Report and Unaudited Financial Statements 2017

## 1. Significant accounting policies (continued)

### O) Provision for capital gains tax exposure on China A-Shares (continued)

On 14 November 2014 Circular No. 79 was released by the Chinese Authorities amending the tax treatment of Capital Gains derived on Chinese A-Shares held by RQFIs/QFIs. Accordingly capital gains realised from the sale of A-shares on or after 17 November 2014 were temporarily exempted from China's 10% Capital Gains Tax ("CGT"). Any accruals made for unrealised gains as at 17 November 2014 have been reversed in the financial statements. There was no Capital Gains Tax which relates to the financial period pre 17 November 2014 payable at the financial period end (31 December 2016: RMB 259,644 paid, with the remainder of RMB 5,441 written off and nil was payable at the financial year end).

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## 2. Financial risks

As defined by IFRS7 'Financial Instruments: Disclosures', risk arising on financial instruments can be separated into the following components: Market Risk, Credit Risk and Liquidity Risk.

Each type of risk is discussed below and both qualitative and quantitative analyses are provided, where relevant, to give the reader an understanding of risk management methods used by the Investment Manager and reviewed by the Directors of the Company.

The main risks arising from the Fund's financial instruments are Market Risk, Credit Risk and Liquidity Risk.

The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise any discrepancy between the performance of the Fund and the performance of the FTSE China A50 PR Index benchmark.

The nature and extent of the financial instruments outstanding at the Statement of Financial Position date and the risk management policies employed by the Company are discussed on pages 14 to 19.

## A) General

The risk monitoring process is the responsibility of the Company which has delegated this responsibility to the Manager and the Investment Manager.

The Company's investment objective is that the Fund will seek to provide Shareholders with a target performance linked to the performance of the FTSE China A50 PR Index by purchasing a portfolio of transferable securities that may (but is not obliged to) comprise all or a representative sample of the constituent securities of the FTSE China A50 PR Index.

The Investment Manager is responsible for the operation of the risk management process, including the measurement of risk of the Fund portfolio at any given time.

The Fund is managed by a portfolio manager.

The portfolio manager is supported by a trade order management system ("TOMS"), which is designed to manage the implementation of the portfolio manager's strategy and assist in the process of managing the Fund.

These systems generate exception reports highlighting any inconsistency between the Fund's investment objectives and restrictions, and the Fund's portfolios.

The risk management team is a unit of the Investment Manager and is independent of the portfolio managers. It is responsible for the day to day risk monitoring process in respect of the Investment Manager's duties. Global exposure, position and counterparty exposure are monitored by the risk management team. The risk management process is supported by the Investment Manager's internal systems which are designed to assess the Fund's risk and exposures on a daily basis.

The Investment Manager will report in writing confirming compliance with the guidelines laid down in the Risk Management Policy document and the Prospectus, at least monthly to the named Designated Person, and will report to the Board of Directors at least quarterly.

# Interim Report and Unaudited Financial Statements 2017

## 2. Financial risks (continued)

### B) Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the three following types of risk:

- interest rate risk,
- currency risk, and
- other price risk

Being a passive index strategy, the Investment Manager aims to verify and ensure that the individual market risks to which the Fund is exposed are in line with the risks of the relevant reference index.

#### (i) 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 the future cash flows.

The Fund's financial assets other than cash are non-interest bearing, and consequently the Fund's exposure to interest rate risk is minimal.

#### (ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

As at 30 June 2017 all assets and liabilities held by the Fund are in RMB and therefore not exposed to any foreign currency risk. However, since the Fund is denominated in RMB, non RMB based investors are exposed to fluctuation in the RMB exchange rate against their base currencies and may incur substantial capital loss due to foreign exchange risk. There is no assurance that RMB will not be subject to deviation. In which case, the value of their investments will be adversely affected.

The Fund, in line with the securities comprising their underlying indices, is exposed to the currency risk of the respective reference index. The Investment Manager monitors the Fund's currency risk to ensure that it replicates that of the securities comprising the underlying index (FTSE China A50 PR Index).

#### (iii) Other price risk

Other price risk is the risk that the value of investments will fluctuate as a result of changes in market price (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or similar financial instruments traded in the market. For the Fund this risk is in line with the risk of the reference index.

#### (iii) (a) Other price risk – sensitivity analysis

The sensitivity analysis for the Fund assumes a change in the market price of the investments while holding all other variables constant. In practice this is unlikely to occur and changes in some of the variables may be correlated.

In addition, as the sensitivity analysis uses historical data as a basis for determining future events, it does not encompass all possible scenarios, particularly those that are of an extreme nature. The reasonably possible decrease in the benchmark index is based on the movement over the financial period ended 30 June 2017. These movements may be different from the long term volatility of the index.

As detailed in the following tables, the decrease in the index (the FTSE China A50 PR index) at 30 June 2017, with all other variables held constant, would have resulted in an estimated decrease in the net assets attributable to holders of redeemable participating shares as follows:

Number of index units as of 30 June 2017	Index close at 30 June 2017	Index close assuming a 1% downward movement	Monetary impact of a 1% downward movement of the index RMB
93,086,619	11,460.25	11,345.65	927,142.72

Number of index units as of 31 December 2016	Index close at 31 December 2016	Index close assuming a 1% downward movement	Monetary impact of a 1% downward movement of the index RMB
128,475,120	9,970.30	9,870.60	1,279,612.19

## Interim Report and Unaudited Financial Statements 2017

### 2. Financial risks (continued)

#### B) Market risk (continued)

##### iii) Other price risk (continued)

##### (iii) (a) Other price risk – sensitivity analysis (continued)

If the Benchmark Index, at 30 June 2017, had increased by 1% with all other variables held constant, this would have increased net assets attributable to holders of redeemable shares of the Fund by approximately RMB 927,143 (31 December 2016: RMB 1,279,612).

Based on historic movements and volatilities in these market variables, and management's knowledge and experience of the financial markets, it was determined that the movement listed above are reasonably possible over the financial period.

#### C) Credit risk

The Fund is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Depositary on behalf of the Fund took physical receipt of the cash and securities. The cash and securities are held by the Depositary on behalf of the Fund and the credit risk exposure of the Fund is therefore considered minimal as all securities deposited with the Depositary will be clearly identified as being assets of the Fund.

The Company's Depositary is HSBC Institutional Trust Services (Ireland) DAC (the "Depositary"). HSBC Bank plc holds the cash balances of the Company on behalf of the Depositary.

All of the cash assets of the Fund held by the Depositary are placed on deposit with an affiliate of the Depositary, HSBC Bank plc. Cash deposited with the Depositary is held on its Statement of Financial Position.

In accordance with usual banking practice, the Depositary's liability to the Company in respect of such cash deposits shall be that of debtor and the Company will rank as a general creditor of the Depositary.

The financial assets are held with the Depositary. These assets are held distinct and separately from the proprietary assets of the Depositary. Securities are clearly recorded to ensure they are held on behalf of the Company. Bankruptcy or insolvency of the Depositary and or one of its agents or affiliates may cause the Company's rights with respect to the securities held by the Depositary to be delayed.

HSBC Institutional Trust Services (Ireland) DAC is a wholly owned subsidiary of HSBC Holdings Plc. As at 30 June 2017 HSBC Holdings Plc had a long term rating from Standard & Poor of A (31 December 2016: A).

Risk is managed by monitoring the credit quality and financial positions of the Depositary the Company uses.

As already mentioned, the Company's non-cash assets held by the Depositary are segregated from the proprietary assets of the Depositary and are held in accounts in the name of the Depositary designated for the Company.

The Company is exposed to credit risk through the use of a Depositary, Sub-Depositary or Third Party bank. The bankruptcy or insolvency of any of these parties may cause the Company's rights with respect to its assets held by these entities to be delayed or limited.

#### D) Liquidity risk

Liquidity risk is the risk that a 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.

Liquidity is managed by investing predominantly in UCITS eligible listed securities that are traded in an active market and can be readily disposed. The Company has therefore limited exposure to liquidity risk.

Redeemable Shares are redeemed on demand at the holder's option.

The tables overleaf analyse the Fund's financial liabilities into relevant maturity groupings based on the remaining financial period at the statement of financial position date to the contractual maturity date. The amounts in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant. All amounts are stated in RMB.

## Interim Report and Unaudited Financial Statements 2017

### 2. Financial risks (continued)

#### D) Liquidity risk (continued)

As at 30 June 2017	Less than 7 days RMB	7 days to 1 month RMB	1 – 3 months RMB	More than 3 months RMB	Total RMB
Creditors	-	1,035,975	-	-	1,035,975
Net assets attributable to holders of Redeemable Shares	93,086,619	-	-	-	93,086,619
<b>Total financial liabilities</b>	<b>93,086,619</b>	<b>1,035,975</b>	<b>-</b>	<b>-</b>	<b>94,122,594</b>

As at 31 December 2016	Less than 7 days RMB	7 days to 1 month RMB	1 – 3 months RMB	More than 3 months RMB	Total RMB
Creditors	-	721,531	-	-	721,531
Net assets attributable to holders of Redeemable Shares	128,475,120	-	-	-	128,475,120
<b>Total financial liabilities</b>	<b>128,475,120</b>	<b>721,531</b>	<b>-</b>	<b>-</b>	<b>129,196,651</b>

#### E) Secondary market trading risk

Even though the Shares may be listed on one or more relevant stock exchanges, there can be no certainty that there will be liquidity in the Shares on any relevant stock exchange or that the market price at which the Shares may be traded on a relevant stock exchange will be the same as or approximately equal to the Net Asset Value per Share.

As the Shares may be dealt in by means of subscription and redemption, the Directors consider that large discounts or premiums in the Net Asset Value of a Fund would not be sustainable. There can be no guarantee that once the Shares are listed on a relevant stock exchange they will remain listed or that the conditions of listing will not change.

Trading in Shares on a relevant stock exchange may be halted or suspended due to market conditions or for the reason that, in the relevant stock exchange's view, trading in the Shares is inadvisable, or otherwise pursuant to the relevant stock exchange's rules. If trading on a relevant stock exchange is halted, investors may not be able to sell their Shares until trading resumes however such investors should be able to apply to the Company to redeem Shares in accordance with the provisions set out in the Prospectus.

#### F) Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a daily basis as the Fund is subject to subscriptions and redemptions at the discretion of the Shareholders.

The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

#### G) Fair value information

IFRS7 'Financial Instruments: Disclosures' requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities in the Statement of Financial Position. The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

# Interim Report and Unaudited Financial Statements 2017

## 2. Financial risks (continued)

### G) Fair value information (continued)

IFRS7 'Financial Instruments: Disclosures' requires disclosure relating to the fair value hierarchy in which fair value measurements are categorised for assets and liabilities in the Statement of Financial Position. The disclosures are based on a three-level fair value hierarchy for the inputs used in valuation techniques to measure fair value.

The fair value hierarchy has the following levels:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: 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 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The fair value of financial assets and liabilities traded in an active market (such as trading securities) are based on mid-market prices at the close of trading on the financial period end date. The quoted market price used for financial assets held by the Fund is the closing mid-market price.

A financial instrument is regarded as quoted in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

In the event that market quotes are not readily available for either of these inputs the value of the relevant input will be determined in good faith by the Administrator or another independent service provider, generally based upon recommendations provided by the Investment Manager.

The carrying values of other receivables and payables approximates their fair value.

The table below analyses within the fair value hierarchy the Fund's financial assets and liabilities (by class) measured at fair value. All amounts are stated in RMB.

<b>As at 30 June</b>			
<b>2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>			
<b>Financial assets held for trading:</b>			
- Equity securities	88,906,282	-	3,520,266
<b>Total assets</b>	<b>88,906,282</b>	<b>-</b>	<b>3,520,266</b>

<b>As at 31 December</b>			
<b>2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Assets</b>			
<b>Financial assets held for trading:</b>			
- Equity securities	126,915,999	1,256,569	-
<b>Total assets</b>	<b>126,915,999</b>	<b>1,256,569</b>	<b>-</b>

# Interim Report and Unaudited Financial Statements 2017

## 2. Financial risks (continued)

### G) Fair value information (continued)

China Shipbuilding Industry and China Shenhua Energy are equity investments listed on the Shanghai Stock Exchange which have been suspended for trading on 31 May 2017 and 5 June 2017 respectively. The values of China Shipbuilding Industry and China Shenhua Energy are RMB 2,284,854 and has been transferred to Level 3 during the financial period ended 30 June 2017.

China United Network Communication, an equity investment listed on the Shanghai Stock Exchange had been suspended for trading and a fair value price of RMB 4.86 had been applied effective from 16 June 2017. The value of the investment using the fair value price was RMB 1,235,412 and had been classified as level 3 as at the financial period ended 30 June 2017.

The following table includes level transfer from Level 1 to Level 3 and reconciliation of level 3 investments for the financial period ended 30 June 2017 and for the year ended 31 December 2016.

All the transfers have been occurred as at the financial period end.

	30 June 2017 RMB	31 December 2016 RMB
Opening balance	-	5,359,576
Sales of investments	(171,975)	(4,309,758)
Purchases of investments	2,154,743	-
Realised (loss)/gain	(7,522)	1,944,324
Net unrealised loss	(739,834)	(2,994,142)
Transfers in	2,284,854	-
<b>Closing balance</b>	<b>3,520,266</b>	<b>-</b>

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

The Schedule of investments shows the equities split by level, country of origin and industry group. All equities, except for China Shenhua Energy, China Shipbuilding Industry and China United Network Communication, are classified as Level 1.

### 3. Net losses on financial assets at fair value through profit or loss

	Financial period ended 30 June 2017 RMB	Financial period ended 30 June 2016 RMB
Realised gains on sale of investments	9,964,894	341,395
Unrealised depreciation on investments	4,192,387	(12,122,260)
	<b>14,157,281</b>	<b>(11,780,865)</b>

### 4. Other income

	Financial period ended 30 June 2017 RMB	Financial period ended 30 June 2016 RMB
Subscriptions and redemptions fee income	458,143	172,474
Capital Gains Tax income	-	5,441
	<b>458,143</b>	<b>177,915</b>

Subscription and redemption fees will be incurred on each share by shareholders and will not be incurred by the Company on behalf of the Fund and will not affect the Net Asset Value of the Fund. The total subscription charge and primary market transaction charge charged to a subscribing investor will not exceed 6% and the total redemption charge and primary market transaction charge charged to a redeeming investor will not exceed 3%.

### 5. Operating expenses

	Financial period ended 30 June 2017 RMB	Financial period ended 30 June 2016 RMB
Management fees	545,207	457,062
Transaction costs	290,194	143,868
Administration fees	55,071	46,168
Depositary fees	11,014	9,234
Other operating expenses	22,063	6,021
	<b>923,549</b>	<b>662,353</b>

## Interim Report and Unaudited Financial Statements 2017

### 5. Operating expenses (continued)

All other expenses are paid by the Manager or the Promoter as at the financial period ended 30 June 2017. These expenses include Directors fees and expenses of RMB 135,152 (30 June 2016: RMB 137,266) and Legal fees of RMB 90,033 (30 June 2016: RMB: 78,550).

### 6. Management fees

The Management Fee, a percentage of the Net Asset Value of the Class of Shares, is payable by the Company out of the assets of the Fund to the Manager. The Management Fee accrues on each day and is calculated on each Dealing Day and paid monthly in arrears.

The Manager pays the fees and expenses (and not out of the assets of the Fund) of the Investment Manager, Directors and ordinary fees, expenses and costs incurred by the Fund that include setting up costs and other administrative expenses.

The fees in the table below are expressed as a percentage per annum of the Fund's net asset value.

Fund	% Rate per annum Up to*
CSOP Source FTSE China A50 UCITS ETF	0.99%

\* The Management fee can be up to this percentage per annum or such lower amount as may be advised to Shareholders from time to time.

The Total Expense Ratio ("TER") is expressed as a percentage of the Net Asset Value of Share Class A, which represents all legitimate fees and expenses payable by the Company (including the Manager's, Investment Manager's, Administrator's and Depositary's fees) on behalf of Share Class A whatever the basis of their calculation, including any VAT applicable, although excluding any Fund or Company Level taxes.

Currently the TER for Class A is up to 1.15% of the Net Asset Value. Where the TER is exceeded, the Manager will be responsible for making up the shortfall of such fees and expenses.

### 7. Cash and cash equivalents

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
HSBC Bank plc	1,593,963	982,083
	<b>1,593,963</b>	<b>982,083</b>

\*Cash held is unsegregated.

Under the Investment Regulations, the Company is subject to the Renminbi Qualified Foreign Institutional Investor ("RQFII") programme. As a result it is required to hold on deposit a minimum clearing reserve. This amount is calculated as a percentage of the China RQFII Quota, as determined by the China Securities Depository & Clearing Corporation Limited ("CSDCC") Shanghai and Shenzhen branches. As at 30 June 2017, this clearing reserve, held in HSBC Shanghai, amounted to RMB 42,000 (31 December 2016: RMB 42,000).

### 8. Debtors

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Dividend income receivable	60,083	-
	<b>60,083</b>	<b>-</b>

### 9. Creditors (amounts falling due within one year)

	As at 30 June 2017 RMB	As at 31 December 2016 RMB
Management fees	966,885	642,636
Administration fees	42,690	55,368
Irrecoverable Tax on Dividend Payable	6,008	-
Depositary fees	20,392	23,527
	<b>1,035,975</b>	<b>721,531</b>

All other expenses payable are paid by the Manager. Included in these are Directors fees and expenses payable of RMB 491,005 (31 December 2016: RMB 388,489), Auditors' fees payable of RMB 41,755 (31 December 2016: RMB 192,632) and Legal fees payable of RMB 395,340 (31 December 2016: RMB 166,867).

# Interim Report and Unaudited Financial Statements 2017

## 10. Related party transactions

In accordance with the requirements of the Central Bank UCITS Regulations all transactions carried out with the Company by the promoter, investment manager, depository, investment adviser and associates/group companies ("connected persons") must be carried out as if negotiated at arm's length and be in the best interests of shareholders. The Directors are satisfied that there are arrangements (evidenced by written procedures) in place to ensure that the obligations set out in the Central Bank UCITS Regulations are applied to all transactions with connected persons and transactions with connected persons entered into during the financial period complied with the obligations set out in the Central Bank UCITS Regulations.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The following are related parties:

- The Manager, Source Investment Management Limited.
- The Promoter, Source UK Services Limited
- Mr. Mike Kirby is the Managing Principal at KB Associates. KB Associates is a firm which provides consultancy, MLRO and Company secretarial services.
- The Investment Manager, CSOP Asset Management Limited.

### Manager

The Company has appointed Source Investment Management Limited to act as Manager to the Company and each Fund. The Manager is a subsidiary of Source Holdings Limited which is a Cayman incorporated holding company. WP Source Limited, a subsidiary of Warburg Pincus (Bermuda) Private Equity GP Limited, a fund managed by a US private equity firm holds a majority stake in Source Holdings Limited (Parent entity). Bank of America Merrill Lynch International Limited, Goldman Sachs International and J.P. Morgan Securities plc are minority shareholders in Source Holdings Limited.

The Funds accrued RMB 545,207 (30 June 2016: RMB 457,062) to the Manager during the financial period to 30 June 2017; of which RMB 966,885 (31 December 2016: RMB 642,636) was outstanding at 30 June 2017.

### Directors

The amount paid to Directors in the financial period ended 30 June 2017 by the Manager and the amounts outstanding at 30 June 2017 and 31 December 2016 are disclosed in Note 5 (Operating Expenses) and Note 9 (Creditors) respectively.

Mike Kirby is a Director of the Company, the Manager and the principal of KB Associates which provides consultancy services to the Manager.

The Fund accrued RMB 135,152 (30 June 2016: RMB 137,266) to the Directors during the financial period to 30 June 2017; of which RMB 491,005 (31 December 2016: RMB 388,489) was outstanding at 30 June 2017.

The Fund accrued RMB 75,027 (30 June 2016: RMB 72,967) to KB Associates for consultancy services during the financial period to 30 June 2017; of which RMB 38,662 (31 December 2016: RMB 36,650) was outstanding at 30 June 2017. These fees are presented exclusive of VAT and paid by the Manager.

Chen Ding is a Director of the Company and is the Chief Executive Officer and Chief Investment Officer of the Investment Manager.

Helen Lingli Zhou is a Director of the Company.

Details of the Management fees are disclosed in Note 5, Note 6 and Note 9.

Feargal Dempsey is a Director of the Company and a Director of the Manager.

The Directors had no direct or indirect interest in any shares in issue by the Company as at 30 June 2017 (2016: None).

### Authorised Participants

Goldman Sachs International, Bank of America Merrill Lynch International Limited, J.P. Morgan Securities Limited and UBS AG are Authorised Participants to the Fund.

There were no brokerage fees accrued or paid to the Authorised Participants during the financial period ended 30 June 2017.

# Interim Report and Unaudited Financial Statements 2017

## 10. Related party transactions (continued)

### Shareholdings in redeemable shares

Authorised Participants may purchase and hold Redeemable Shares in the Fund for trading purposes. In addition, the Authorised Participants may hold Redeemable Shares on behalf of clients, on their own account or for the purpose of providing seed capital to the Funds. These holdings may on occasion constitute a large portion of the Fund. As at 30 June 2017, there are 4 shareholders who had entitlement of 10% or more in the shares in issue of the Fund of the Company. There is no requirement (expressed or implied) on Authorised Participants to maintain positions in a Fund at any time.

## 11. Taxation

Under current law and practice, the Company qualifies as an investment undertaking as defined in section 739B of the Taxes Consolidation Act, 1997, as amended. On that basis it is not chargeable to Irish tax on its income or gains. However, Irish tax may arise on the occurrence of a "chargeable event" for certain investors not satisfying one of the criteria outlined below.

A chargeable event includes any distribution payments to Shareholders or any encashment, redemption, cancellation or transfer of Shares and the holding of Shares at the end of each 8 year period beginning with the acquisition of such Shares.

No Irish tax will arise on the Company in respect of chargeable events in respect of:

- a) a Shareholder who is neither Irish resident nor ordinarily resident in Ireland for tax purposes, at the time of the chargeable event, provided appropriate valid declarations in accordance with the provisions of the Taxes Consolidation Act, 1997, as amended, is held by the Company, or the Company has been authorised by the Irish Revenue to make gross payments in the absence of appropriate declarations; and
- b) certain exempted Irish tax resident Shareholders who have provided the Company with the necessary signed statutory declarations.
- c) any transaction (which might otherwise be a chargeable event) in relation to Shares held in a recognised clearing system as designated by order of the Irish Revenue Commissioners will not constitute a chargeable event. It is the current intention of the Directors that all the Shares in the Company will be held in recognised clearing systems.

Dividends, interest and capital gains (if any) received on investments made by the Company may be subject to withholding taxes imposed by the country from which the investment income/gains are received and such taxes may not be recoverable by the Company or its Shareholders.

## 12. Share capital

The authorised share capital of the Company is 2 subscriber shares of €1 each and 1,000,000,000,000 shares of no par value initially designated as unclassified shares and available for issue as shares.

Redeemable shares in issue	Financial period ended 30 June 2017	Financial year ended 31 December 2016	Financial period ended 30 June 2016
<b>Number of Class A Accumulating Redeemable Shares Issued and Fully Paid</b>			
Balance at beginning of financial period/year	1,156,206	892,719	892,719
Issued during financial period/year	536,000	860,000	240,000
Redeemed during financial period/year	(961,250)	(596,513)	(416,513)
<b>Total number of Class A Accumulating Redeemable Shares in issue at end of financial period/year</b>	<b>730,956</b>	<b>1,156,206</b>	<b>716,206</b>

# Interim Report and Unaudited Financial Statements 2017

## 12. Share capital (continued)

	As at 30 June 2017 RMB	As at 31 December 2016 RMB	As at 30 June 2016 RMB
<b>Total Net Asset Value</b>			
Class A Accumulating Redeemable Shares	93,086,619	128,475,120	72,141,333
<b>Dealing Net Asset Value per Redeemable Share</b>			
Class A Accumulating Redeemable Shares	127.35	111.12	100.73

## 13. Soft commission arrangements

It is not currently intended that any soft commission arrangements will be made in respect of the Company.

There were no soft commission arrangements in the current financial period.

## 14. Comparative figures

Comparative figures for the Statement of Comprehensive Income, the Statement of Changes in Net Assets attributable to Holders of Redeemable Shares and the Statement of Cash Flows and related notes are those for the financial period ended 30 June 2016. The comparative figures disclosed in the Statement of Financial Position and related notes are those of 31 December 2016 throughout.

## 15. Operating segment

IFRS requires disclosure in respect of the Chief Operating Decision Maker ("CODM") and certain disclosures in respect of the country of origin of income, which may consist of interest and dividends. Management have determined that the CODM is the Board of Directors.

The internal reporting provided to the Board of Directors for the Company assets and liabilities and performance is prepared on a consistent basis with the measurement and recognition of IFRS.

All revenues are derived from financial assets and are attributable to a country based on the domicile of the issuer of the instrument. The Schedule of Investments discloses the investments of the Fund at their fair value by their respective country of origin. The table below shows the breakdown of the interest income and dividend income.

As at 30 June 2017	Country	Currency	Dividend Income	Interest Income
Financial period ended 30 June 2017	China	RMB	956,343	3,328
Financial period ended 30 June 2016	China	RMB	839,929	1,673

## 16. Significant events during the financial period

At the end of April 2017, Invesco Ltd has entered into a definitive agreement to acquire the promoter and manager of the Company, pending regulatory approval. Details of this acquisition can be found on [www.sourceetf.com](http://www.sourceetf.com).

With effect from 8 May 2017, the Registered Office of the Company, the Manager and MFD Secretaries Limited ("the Secretary"), previously located at Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland, has moved to 32, Molesworth Street, Dublin 2, Ireland.

There were no other significant events during the financial period which need to be disclosed in this Financial Statements.

## 17. Post balance sheet events

As of the close of business on 18 August 2017, Invesco completed the acquisition of Source.

The supplement of CSOP Source FTSE China A50 UCITS ETF will be updated for the change in the underlying universe of the index from FTSE China A50 Index to the FTSE China A All Cap Free Index on 18 September 2017.

There were no other significant post balance sheet events.

## 18. Approval of financial statements

The Financial Statements were approved by the Board on 24 August 2017.

## Interim Report and Unaudited Financial Statements 2017

## Schedule of investments

As at 30 June 2017

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2016.

Holdings	Financial assets at fair value through profit or loss	Fair value RMB	% of net assets	Holdings	Financial assets at fair value through profit or loss	Fair value RMB	% of net assets
	<b>Equities: 99.29% (2016: 99.76%)</b>				<b>Electric: 1.42% (2016: 1.40%)</b>		
	<b>China: 99.29% (2016: 99.76%)</b>			85,680	China Yangtze Power	1,317,758	1.42
	<b>Auto Manufacturers: 2.34% (2016: 2.27%)</b>				<b>Electronic Equipment: 0.71% (2016: 0.77%)</b>		
11,800	BYD	589,410	0.63	84,200	China National Nuclear Power	657,602	0.71
51,030	SAIC Motor Corporation	1,584,482	1.70		<b>Engineering &amp; Construction: 5.32% (2016: 6.21%)</b>		
	<b>Automobiles: 0.32% (2016: 0.25%)</b>			30,461	China Communications Construction	484,025	0.52
11,300	Guangzhou Automobile Group	294,478	0.32	82,157	China Railway Construction	988,349	1.06
	<b>Banks: 43.99% (2016: 48.98%)</b>			111,300	China Railway Group	964,971	1.04
763,510	Agricultural Bank of China	2,687,555	2.89	259,671	China State Construction Engineering	2,513,615	2.70
233,641	Bank of Beijing	2,142,488	2.30		<b>Financial Services: 1.09% (2016: 1.83%)</b>		
456,069	Bank of China	1,687,455	1.81	56,491	Huatai Securities	1,011,189	1.09
433,157	Bank of Communications	2,668,247	2.87		<b>Home Improvements: 3.53% (2016: 2.76%)</b>		
13,000	Bank of Shanghai	332,020	0.36	76,447	Midea Group	3,290,279	3.53
58,927	China CITIC Bank	370,651	0.40		<b>Insurance: 12.85% (2016: 12.71%)</b>		
194,822	China Construction Bank	1,198,155	1.28	31,575	China Life Insurance	851,893	0.91
301,469	China Everbright Bank	1,220,950	1.31	54,385	China Pacific Insurance	1,842,020	1.98
254,424	China Merchants Bank	6,083,278	6.53	12,152	New China Life Insurance	624,613	0.67
498,614	China Minsheng Banking	4,098,607	4.40	174,232	Ping An Insurance	8,643,650	9.29
168,183	CITIC Securities	2,862,475	3.08		<b>Investment Companies: Nil (2016: 0.98%)</b>		
54,346	GF Securities	937,468	1.01		<b>Investment Services: 1.58% (2016: 1.74%)</b>		
129,560	Haitong Securities	1,923,966	2.07	71,600	Guotai Junan Securities	1,468,516	1.58
466,700	Industrial & Commercial Bank of China	2,450,175	2.63		<b>Oil &amp; Gas: 2.04% (2016: 2.34%)</b>		
299,762	Industrial Bank	5,053,987	5.43	206,773	China Petroleum & Chemical	1,226,164	1.32
156,039	Ping An Bank	1,465,206	1.57	87,557	Petro China Company	673,313	0.72
297,921	Shanghai Pudong Development Bank	3,768,701	4.04		<b>Pharmaceuticals: Nil (2016: 0.51%)</b>		
	<b>Beverages: 7.09% (2016: 5.89%)</b>				<b>Pharmacies &amp; Drug Stores: 1.42% (2016: Nil)</b>		
9,590	Kweichow Moutai	4,525,042	4.86	26,100	Jiangsu Hengrui Medicine	1,320,399	1.42
37,200	Wuliangye Yibin	2,070,552	2.22		<b>Real Estate Holding &amp; Development: 2.38% (2016: 2.89%)</b>		
	<b>Building Materials: 1.95% (2016: 2.12%)</b>			44,500	China Merchants Shekou Industrial Zone	950,520	1.02
179,000	CSR	1,811,480	1.95	126,700	Poly Real Estate Group	1,263,199	1.36
	<b>Coal: 1.05% (2016: 0.89%)</b>				<b>Shipbuilding: 1.41% (2016: 1.74%)</b>		
43,722	China Shenhua Energy	974,563	1.05	210,997	China Shipbuilding Industry	1,310,291	1.41
	<b>Computer Hardware: 1.28% (2016: 0.21%)</b>				<b>Steel-Produces: 0.81% (2016: Nil)</b>		
86,600	Focus Media Information Technology	1,191,616	1.28	112,800	Baoshan Iron & Steel	756,888	0.81
	<b>Computers: 2.00% (2016: Nil)</b>				<b>Telecommunications: 1.33% (2016: Nil)</b>		
448,100	Boe Technology Group	1,864,096	2.00	254,200	China United Network Communications	1,235,412	1.33
	<b>Consumer Electronics: 2.08% (2016: 1.05%)</b>						
59,962	Hangzhou Hikvision	1,936,773	2.08				
	<b>Distillers &amp; Vintners: 0.89% (2016: 0.71%)</b>						
9,500	Jiangsu Yanghe Brewery	824,695	0.89				

## Interim Report and Unaudited Financial Statements 2017

### Schedule of investments (continued)

As at 30 June 2017

Transferable Securities admitted to an Official Stock Exchange Listing or traded on a Regulated Market. The percentages in brackets show the equivalent country of origin and sector holdings at 31 December 2016.

Holdings	Financial assets at fair value through profit or loss	Fair value RMB	% of net assets
	Transport Support Services: 0.44% (2016: 0.46%)		-
65,191	Shanghai International Port	413,311	0.44
	Transportation: Nil (2016: 1.05%)		
	<b>Total China</b>	<b>92,426,548</b>	<b>99.29</b>
	<b>Total Equities</b>	<b>92,426,548</b>	<b>99.29</b>

	Fair value RMB	% of net assets
Total value of investments	92,426,548	99.29
Cash and cash equivalents*	1,593,963	1.71
Other net liabilities	(933,892)	(1.00)
Net assets attributable to holders of redeemable participating shares	93,086,619	100.00

\*All cash holdings are held with HSBC Bank plc.

	% of Total Assets
<b>Analysis of Total Assets</b>	
Transferable securities admitted to official stock exchange listing	98.20
Cash and cash equivalents	1.69
Clearing reserve	0.04
Debtors	0.07
	<b>100.00</b>

All equity positions (with the exception of the investment held in China Shenhua Energy, China Shipbuilding Industry and China United Network Communication) held by the Company at 30 June 2017 and as at 31 December 2016 all equity positions (with the exception of the investment held in Shenwan Hongyuan Group) are classified as Level 1.

The investments in China Shenhua Energy, China Shipbuilding Industry and China United Network Communication are classified as Level 3. See Note 2(G) for further details.

# Interim Report and Unaudited Financial Statements 2017

## Unaudited Schedule of Material Portfolio Changes

For the six months ended 30 June 2017

### CSOP Source FTSE China A50 UCITS ETF

Purchases	Cost RMB
151,700 Ping An Insurance	5,440,426
226,200 Industrial Bank Company	3,715,357
195,100 China Merchants Bank	3,673,175
280,000 China Minsheng Banking	3,371,260
174,600 Shanghai Pudong Development Bank	2,842,814
7,300 Kweichou Moutai	2,677,959
77,300 China United Network	2,154,743
128,100 Citic Securities	2,097,764
230,000 Bank of Communications	2,021,721
58,100 Midea Group	1,896,496
181,700 Agricultural Bank of China	1,884,106
48,100 BOE Technology Group	1,778,261
178,100 Bank Of Beijing	1,755,803
197,800 China State Construction Engineering	1,737,392
255,500 Industrial & Commercial Bank of China	1,665,086
98,800 Haitong Securities	1,547,375
127,000 Focus Media Information Technology	1,506,000
141,500 CRRC Corporation	1,432,949
26,100 Jiangsu Hengrui Medicine	1,338,933
247,500 Bank of China	1,259,760
41,600 China Pacific Insurance	1,152,091
28,800 Wuliangye Yibin	1,151,623
118,800 Ping An Bank	1,109,651
145,200 China Shipbuilding Industry Company	1,083,657
55,300 Guotai Junan Securities	1,043,986
41,800 SAIC Motor Corporation	1,029,889
33,700 Hangzhou Hikvision	976,601
229,800 China Everbright Bank	949,455
97,600 Poly Real Estate Group	944,250
157,400 China Petroleum and Chemical Corporation	893,155
149,200 China Constructions Bank	871,035
65,100 China Yangtze Power	850,037
92,100 China Railway Group	813,298
62,600 China Railway Construction	784,955
43,300 Huatai Securities	773,270
42,000 GF Securities	730,790
12,800 Baoshan Iron and Steel	719,664

The Statement of Significant Purchases and Sales reflect the aggregate purchases of a security exceeding one percent of the total value of purchases and aggregate disposals of a security greater than one percent of the total sales for the financial period. At a minimum the largest 20 purchases and largest 20 sales must be given. The full listing of the portfolio changes for the period is available, upon request, at no extra cost from the Administrator.

## Interim Report and Unaudited Financial Statements 2017

### Unaudited Schedule of Material Portfolio Changes

For the six months ended 30 June 2017(continued)

#### CSOP Source FTSE China A50 UCITS ETF

Sales	Proceeds RMB
307,200 Ping An Insurance	12,079,188
364,500 China Merchants Bank	7,143,729
317,600 Industrial Bank Company	6,836,127
606,700 China Minsheng Banking	6,103,810
13,900 Kweichou Moutai	5,390,019
336,600 Shanghai Pudong Development Bank	5,266,439
238,200 Citic Securities	3,854,050
513,600 Bank of Communications	3,697,745
581,600 Agricultural Bank of China	3,555,820
107,700 Midea Group	3,477,461
367,800 China State Construction Engineering	3,307,191
330,999 Bank Of Beijing	3,164,025
561,100 Industrial & Commercial Bank of China	3,148,828
184,000 Haitong Securities	2,862,586
241,700 CRRC Corporation	2,426,183
546,100 Bank of China	2,321,645
54,100 Wuliangye Yibin	2,229,399
77,400 China Pacific Insurance	2,217,301
221,000 Ping An Bank	2,014,164
73,698 SAIC Motor Corporation	1,961,660
103,800 Guotai Junan Securities	1,942,493
249,800 China Shipbuilding Industry Company	1,789,779
155,476 Daqin Railway	1,779,499
292,800 China Petroleum and Chemical Corporation	1,739,143
183,100 Poly Real Estate Group	1,708,920
327,200 China Everbright Bank	1,705,159
121,300 China Yangtze Power	1,642,685
278,500 China Constructions Bank	1,633,355
179,751 Shenwan Hongyuan	1,624,090
181,000 China Railway Group	1,606,923
54,300 Hangzhou Hikvision	1,506,362
116,400 China Railway Construction	1,427,904
80,600 Huatai Securities	1,414,287
78,800 GF Securities	1,322,566

The Statement of Significant Purchases and Sales reflect the aggregate purchases of a security exceeding one percent of the total value of purchases and aggregate disposals of a security greater than one percent of the total sales for the financial period. At a minimum the largest 20 purchases and largest 20 sales must be given. The full listing of the portfolio changes for the financial period is available, upon request, at no extra cost from the Administrator.



We are an independent ETF provider striving to make investing more accessible and affordable for everyone. We are free to work with the best global experts to provide the funds you really need. As well as core funds for your portfolio, we have some interesting investment strategies that you won't find from other providers. Our independence also means that we are very competitively priced. Finally, we are completely transparent about costs, risks and everything else. With us, what you see is what you get.

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