

Source CSOP Markets plc

Interim report and unaudited financial statements

For the period ended 30 June 2016



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Organisation

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Registered Office of the Company

Beaux Lane House
Mercer Street Lower
Dublin 2
Ireland

Manager

Source Investment Management Limited
Beaux Lane House
Mercer Street Lower
Dublin 2
Ireland

Administrator

HSBC Securities Services (Ireland) Limited
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)*
Joe Zhou (China)*^

Investment Manager

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

Secretary

MFD Secretaries Limited
2nd Floor
Beaux Lane House
Mercer Street Lower
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 Custody

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

Depository

HSBC Institutional Trust Services
(Ireland) Limited
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
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

Registered no. of Company: 536094

* Non-executive Directors

** Independent non-executive Directors

^ Alternative Director, resigned on 8 June 2016

General Information

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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 and as an undertaking for collective investment in transferable securities pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (the "UCITS Regulations") and the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Undertakings for Collective Investment in Transferable Securities) Regulations 2015 (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 the Fund are set out in a separate Supplement. Redeemable Shares/Shares (these terms are used interchangeably throughout the financial statements) of more than one Class may be issued in relation to the 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 the Fund.

CSOP Source FTSE China A50 UCITS ETF Fund is in existence as at 30 June 2016.

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 had not launched as at 30 June 2016.

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.

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

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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 2016, 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 2016, 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

Investment Manager's Report

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Fund review

The CSOP Source FTSE China A50 UCITS ETF aims to provide investment results that, before deduction of fees and expenses (and taking into account any dividends received by the Fund in respect of the Index Securities), closely correspond to the performance of the Reference Index, namely, FTSE China A50 PR Index.

Benchmark index

Fund name	Functional currency	Benchmark index
CSOP Source FTSE China A50 UCITS ETF	RMB	FTSE China A50 PR Index

The performance of the Fund from launch date to 30 June 2016:

Currency	Launch date	Total net asset value 30/06/16	Net asset value per share 30/06/16	Return since launch (%) Fund	Tracking difference since launch		Tracking difference since 31/12/2015		Realised Tracking Error	Expected Tracking Error
					(%) Fund	(%) Index	(%) Fund	(%) Index	p.a. since 31/12/2015 (%) Index	p.a. since 31/12/2015 (%) Index
CSOP Source FTSE China A50 UCITS ETF	RMB	07/01/14	72,141,333	100.73	42.96%	5.70%	(13.35%)	(0.32%)	4.12%	2.00%

Realised tracking error and realised tracking difference are in-line with what was expected. The tracking difference between the Fund and the benchmark index is mainly driven by management fees and dividend.

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Fund review (continued)

The A-share market dropped and FTSE China A50 Index traded 13.0% lower in the first half year of 2016.

In January the A-share market experienced the worst single month performance since September 2009. FTSE China A50 Index dropped 17.03% and CSI 300 Index fell 21.04%. Circuit breakers became effective on 4 January 2016 and were suspended on 8 January 2016 after the new rules were triggered twice in 4 days. Offshore CNH depreciated quickly against USD as overseas investors expressed bearish views on China. However, the People's Bank of China's ("PBOC") actively intervened by increasing the offshore funding cost of the currency. The CNH-CNY spread narrowed from more than 1% to zero for the 1st time since mid-October 2015. The overnight CNH fixing rate recorded 66.8%, the highest since the CNH fixing regime commenced.

The A-share market managed to survive from the turmoil in February assisted by the central bank's monetary easing efforts. At the beginning of the month, China announced a new stimulus policy to support the property market. The down payment ratio was cut from 25% to 20% for first-time home buyers in cities without a home purchase limit. As a result, China's National Bureau of Statistics announced that Shenzhen's average property price rose 52.7% year over year ("YoY") and Shanghai's property price saw gains of 21.4% YoY in January 2016. Meanwhile, retail revenue during the Chinese New Year Holiday increased 11.2% compared with the previous year's figure. Tourism revenue also grew 16.3% and box office receipts demonstrated an impressive 65.8% growth when compared with the last CNY holiday.

FTSE China A50 Index rallied in March due to the government's stimulus policies and improved economic growth expectation. China's top leaders gathered to discuss the next 5-year plan for the country at the beginning of the month and the conclusion appeared to be that China decided to give higher priority to growth over reform. Meanwhile, previously anticipated IPO registration reform and the strategic emerging industries board were not mentioned and both may be postponed. Also, it is reported that China will launch the Shenzhen-Hong Kong Stock Connect this year and ChiNext stocks may be eligible for the scheme. At the same time, the Central Bank of China allowed commercial banks to convert companies' bad loans into shareholding of the borrowers.

The Index was quite stable in April although the macro data were comparably improved. Central government stepped up efforts to support the stock market. Firstly, early this month, the China Securities Regulatory Commission ("CSRC") released circulars revising administrative measures and key ratios for securities companies risk control indicators, which is expected to release more funds for brokerage firms to develop capital-intensive business such as margin financing and securities lending. Secondly, China Securities Finance Corporation ("CSFC") repaid the PBOC loan with stocks transfer, which means that some stock positions that had been purchased last year to stabilize market sentiment began to be managed by State Administration of Foreign Exchange ("SAFE") subsidiaries.

Thirdly, China allowed banks to convert RMB 1 trillion worth of bad loans into equity holdings in the initial phase of the debt-to-equity swap plan. Fourthly, China's local currency was stable in April. The CNY was fixed at a rate of \$6.4565 which was the highest level against USD in 2016. However, the US Treasury issued a new report illustrating that China should not devalue its currency to gain an unfair trade and economic advantage.

The FTSE China A50 Index was little changed in May despite the pessimistic economic growth guidance from the top policy makers, tightened regulations and a weaker currency. Firstly, it is reported that China's major exchanges were studying rules to tighten control on company suspension. Secondly, the securities regulator tightened control on backdoor listing. US-listed companies seeking to re-list in A-share market might be more difficult. The move was to discourage companies from taking advantage of the valuation gap and the impact it would have on local sentiment. Thirdly, CSRC banned large shareholders under certain conditions from selling their stake holding for another 12 months again. Controlling shareholders which increased stake through mergers and acquisitions financing were asked not to sell previously owned shares for the next 12 months. Fourthly, State Council decided to cut 10% of coal and steel production by state-owned enterprises ("SOEs") controlled by central government and the market expect SOEs controlled by local government to follow suit. China's central bank weakened the RMB in May. The move was to cushion the potential impact of the stronger dollar and triggered the depreciation speculation among some local investors.

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Fund review (continued)

China's A-share market outperformed regional peers in June. Some positive signals for economic recovery were observed. New Yuan Loan data and M2 growth data increased than that of previous month, which contributed more than half of the total New Yuan Loan. Meanwhile, M2 increased under 12% YoY partially due to the higher base in the previous year, but was within the PBOC's previous guidance. CSRC stated that Morgan Stanley Capital International's ("MSCI") decision to delay including China's A-shares market in its Emerging Markets Index was purely commercial and would not postpone China's progress to make its capital market more market-oriented and healthy. Shanghai Stock Exchange Composite Index increased 1.58% higher in June 2015 after the MSCI and CSRC's announcements. Brexit is expected to be marginally beneficial to China. The UK may have less bargaining power in its international affairs and it could choose to strengthen its relations with China and to enhance London's position as the offshore RMB center in Europe. A-share also tends to outperform when there is global turmoil like Brexit. It partially explains why the Shanghai Stock Exchange Composite Index outperformed the S&P 500 Index by 2.29% on 24 June 2016.

CSOP Asset Management Limited

Date: July 2016

Financial Statements of the Company

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Statement of comprehensive income	CSOP Source FTSE China A50 UCITS ETF		
	Notes	Period ended 30 June 2016* RMB	Period ended 30 June 2015* RMB
For the six months ended 30 June 2016			
Income			
Interest income	1(N), 14	1,673	46,871
Dividend income	1(K), 14	839,929	3,255,833
Net loss on financial assets at fair value through profit or loss	3	(11,780,865)	(89,612,908)
Other income	1(L), 4	177,915	10,080,753
Total investment expense		(10,761,348)	(76,229,451)
Expenses			
Operating expenses	1(M), 5	(662,353)	(11,187,627)
Net expense		(11,423,701)	(87,417,078)
Loss for the period before tax		(11,423,701)	(87,417,078)
Non reclaimable withholding tax	10	(84,782)	(325,583)
Loss for the period		(11,508,483)	(87,742,661)
Decrease in Net Assets Attributable to Holders of Redeemable Shares		(11,508,483)	(87,742,661)

*The amounts shown also represent Company total amounts.

There are no recognised gains or losses arising in the period other than the 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 on pages 10 to 23 form an integral part of the Financial Statements.

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Statement of financial position		CSOP Source FTSE China A50 UCITS ETF	
		As at 30 June 2016* RMB	As at 31 December 2015* RMB
As at 30 June 2016	Notes		
Current Assets			
Assets at fair value through profit or loss			
Financial assets at fair value through profit or loss	1(C), 2(H)	71,471,506	103,148,511
Loans and receivables			
Cash and cash equivalents	1(F), 7	1,042,725	1,649,552
Clearing reserve	7	42,000	42,000
Total Current Assets		72,556,231	104,840,063
Current Liabilities			
Other financial liabilities			
Provision for capital gains tax	1(O)	-	(265,085)
Creditors (amounts falling due within one year)	8	(414,898)	(802,701)
Total Current Liabilities (excluding Net Assets Attributable to Holders of Redeemable Shares)		(414,898)	(1,067,786)
Net Assets Attributable to Holders of Redeemable Shares		72,141,333	103,772,277

*The amounts shown also represent Company total amounts.

The accompanying notes on pages 10 to 23 form an integral part of the Financial Statements.

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Statement of changes in net assets attributable to holders of redeemable shares	CSOP Source FTSE China A50 UCITS ETF	
	Period ended 30 June 2016* RMB	Period ended 30 June 2015* RMB
For the six months ended 30 June 2016		
Net Assets Attributable to Holders of Redeemable Shares at the beginning of the period	103,772,277	3,561,399,917
Decrease in Net Assets Attributable to Holders of Redeemable Shares	(11,508,483)	(87,742,661)
Proceeds from redeemable participating shares issued	22,421,352	42,603,215
Redemption of redeemable participating shares	(42,543,813)	(3,336,550,404)
Net Assets Attributable to Holders of Redeemable Shares at the end of the period	72,141,333	179,710,067

Statement of cash flows

For the six months ended 30 June 2016	Notes	Period ended 30 June 2016* RMB	Period ended 30 June 2015* RMB
Cash flows from operating activities			
Proceeds from sale of investments		49,081,817	3,450,385,891
Purchase of investments		(29,185,677)	(196,029,191)
Dividend income received	1K)	839,929	3,185,389
Interest income received	1(N)	1,673	46,871
Other income received		177,915	9,832,923
Operating expenses paid		(1,050,156)	(13,897,741)
Non reclaimable withholding tax paid		(84,782)	(318,539)
Clearing reserve		-	621,600
Capital gain tax		(265,085)	-
Net cash inflow from operating activities		19,515,634	3,253,827,203
Cash flows from financing activities			
Proceeds from issue of redeemable shares		22,421,352	42,603,215
Payments of redemptions of redeemable shares		(42,543,813)	(3,336,550,404)
Net cash outflow from financing activities		(20,122,461)	(3,293,947,189)
Net decrease in cash and cash equivalents		(606,827)	(40,119,986)
Cash and cash equivalents at beginning of the period		1,649,552	41,495,964
Cash and cash equivalents at the end of the period	7	1,042,725	1,375,978

*The amounts shown also represent Company total amounts.

The accompanying notes on pages 10 to 23 form an integral part of the Financial Statements.

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Notes to the financial statements

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 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 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 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 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 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.

(iii) Accounting Pronouncements effective after financial period 1 January 2016

Amendments to IAS 1: Disclosure Initiative

In December 2014, the International Accounting Standards Board (the IASB or the Board) issued amendments to IAS 1 Presentation of Financial Statements and an exposure draft proposing amendments to IAS 7 Statement of Cash Flows as part of its Disclosure Initiative.

The following narrow-scope amendments have been made to IAS 1:

- Materiality and aggregation: clarifies that an entity should not obscure useful information by aggregating or disaggregating information; and that materiality considerations apply to the primary statements, notes and any specific disclosure requirements in IFRSs, i.e. disclosures specifically required by IFRSs need to be provided only if the information is material.
- Statement of financial position and statement of profit or loss and other comprehensive income: clarifies that the list of line items specified by IAS 1 for these statements can be disaggregated and aggregated as relevant. Additional guidance has been added on the presentation of subtotals in these statements.

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1. Significant accounting policies (continued)

A) (iii) Accounting Pronouncement effective after financial period 1 January 2016 (continued)

Amendments to IAS 1: Disclosure Initiative (continued)

- Presentation of items of other comprehensive income ("OCI"): clarifies that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes: clarifies that entities have flexibility when designing the structure of the notes and provides guidance on how to determine a systematic order of the notes. Also, unhelpful examples regarding the identification of significant accounting policy have been removed.

The amendments are applicable for annual periods beginning on or after 1 January 2016. Earlier application is permitted. Adoption of this amendment will not have a material impact on the presentation of the Company's 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 7.2967 (30 June 2015: 6.9000). 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 2016, as applicable.

(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.

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1. Significant accounting policies (continued)

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

(ii) Recognition, derecognition and measurement (continued)

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 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 last traded market price for financial assets as at the Statement of Financial Position date.

Realised gains or losses on disposal of investments during the period and unrealised gains and losses on valuation of investments held at the period-end are included in the Statement of Comprehensive Income, within net loss 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 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.

F) Cash and cash equivalents

Cash balances represent residual cash subsequent to trading. As at 30 June 2016, cash in the Fund was held on deposit with an affiliate of the Depositary, 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 in the period.

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1. Significant accounting policies (continued)

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 2016, 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 period ended 30 June 2016, 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 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 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 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. Until 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.

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 RQFIIs/QFIIs. 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 (31 December 2015: RMB 265,085) which relates to the period pre 17 November 2014 payable at the period 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, Liquidity Risk and Credit 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 Funds' investment objectives and restrictions, and the Funds' 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.

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.

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2. Financial risks (continued)

B) Market risk (continued)

(i) Interest rate risk (continued)

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 2016 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 PR A50 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 period ended 30 June 2016. 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 PR A50 index) at 30 June 2016, 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 2016	Index close at 30 June 2016	Index close assuming a 1% downward movement	Monetary impact of a 1% downward movement of the index RMB
72,141,333	9,316.31	9,223.15	(717,806)

Number of index units as of 31 December 2015	Index close at 31 December 2015	Index close assuming a 1% downward movement	Monetary impact of a 1% downward movement of the index RMB
103,772,277	10,711.64	10,604.52	(1,033,572)

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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 2016, 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 714,715 (31 December 2015 RMB 1,033,572).

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 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) Limited (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) Limited is wholly owned subsidiary of HSBC Holdings Plc. As at 30 June 2016 HSBC Holdings Plc had a long term rating from Standard & Poor of AA- (31 December 2015: 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-Custodian 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.

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2. Financial risks (continued)

D) Liquidity risk (continued)

The tables below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining 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.

As at 30 June 2016	Less than 7 days	7 days to 1 month	1 – 3 months	More than 3 months	Total
Creditors	-	414,898	-	-	414,898
Net assets attributable to holders of Redeemable Shares	72,141,333	-	-	-	72,141,333
Total financial liabilities	72,141,333	414,898	-	-	72,556,231

As at 31 December 2015	Less than 7 days	7 days to 1 month	1 – 3 months	More than 3 months	Total
Provision for capital gains tax	-	-	-	265,085	265,085
Creditors	-	802,701	-	-	802,701
Net assets attributable to holders of Redeemable Shares	103,772,277	-	-	-	103,772,277
Total financial liabilities	103,772,277	802,701	-	265,085	104,840,063

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.

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2. Financial risks (continued)

F) Capital risk management (continued)

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.

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 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.

As at 30 June

2016	Level 1	Level 2	Level 3
Assets			
Financial assets held for trading:			
- Equity securities	67,428,955	-	4,042,551
Total assets	67,428,955	-	4,042,551

As at 31 December

2015	Level 1	Level 2	Level 3
Assets			
Financial assets held for trading:			
- Equity securities	97,788,935	-	5,359,576
Total assets	97,788,935	-	5,359,576

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2. Financial risks (continued)

G) Fair value information (continued)

China Vanke and Gree Electric Appliances are equity investments listed on the Stock Exchange of Hong Kong which have been suspended for trading on 18 December 2015 and 11 May 2016 respectively, and both prices remained staled as at the period end. China Vanke and Gree Electric Appliances resumed trading in the stock exchange from 6 July 2016 and 7 July 2016 respectively. The value of Gree Electric Appliances is RMB 1,094,017 and has been transferred to Level 3 during the period ended 30 June 2016.

The following table includes level transfer from Level 1 to Level 3 of investment in Gree Electric Appliances for the period ended 30 June 2016 and China Vanke for the year ended 31 December 2015.

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

	30 June 2016 RMB	31 December 2015 RMB
Opening balance	5,359,576	-
Net unrealised loss	(2,411,042)	-
Transfers in	1,094,017	5,359,576
Closing balance	4,042,551	5,359,576
Total net unrealised gain for investments held at period end	557,462	-

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 Vanke and Gree Electric Appliances, are classified as Level 1.

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

	Period ended 30 June 2016 RMB	Period ended 30 June 2015 RMB
Realised gains/(losses) on sale of investments	341,395	1,321,921,466
Unrealised appreciation/ (depreciation) on investments	(12,122,260)	(1,411,534,374)
	(11,780,865)	(89,612,908)

4. Other income

	Period ended 30 June 2016 RMB	Period ended 30 June 2015 RMB
Subscriptions and redemptions fee income	172,474	9,832,922
Compensation gain	-	247,831
Capital Gains Tax income	5,441	-
	177,915	10,080,753

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%.

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5. Operating expenses

	Period ended 30 June 2016	Period ended 30 June 2015
	RMB	RMB
Management fees	457,062	4,163,584
Transaction costs	143,868	6,488,531
Administration fees	46,168	423,853
Trustee fees	9,234	111,659
Other operating expenses	6,021	-
	662,353	11,187,627

All other expenses are paid by the Manager or the Promoter. These expenses include Directors fees and expenses of RMB 137,266 (30 June 2015: RMB 89,700) and Legal fees of RMB 78,550 (30 June 2015: RMB: 3,209).

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 ratio 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 2016	As at 31 December 2015
	RMB	RMB
HSBC Bank plc	1,042,725	1,649,552
	1,042,725	1,649,552

*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 2016, this clearing reserve, held in HSBC Shanghai, amounted to RMB 42,000 (31 December 2015: RMB 42,000).

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8. Creditors (amounts falling due within one year)

	As at 30 June 2016	As at 31 December 2015
	RMB	RMB
Due to shareholders	-	573,050
Management fees	224,761	84,745
Administration fees	123,151	89,603
Depository fees	66,986	55,303
	414,898	802,701

All other expenses payable are paid by the Manager. Included in these are Directors fees payable of RMB 304,928 (31 December 2015: RMB 121,162) and Legal fees payable of RMB 200,896 (31 December 2015: RMB 126,972).

9. 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 parties") 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 parties and transactions with connected parties entered into during the 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.

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 457,062 to the Manager during the period to 30 June 2016 (30 June 2015: RMB 4,163,584) of which RMB 224,761 was outstanding at 30 June 2016 (31 December 2015: RMB 84,745).

Directors

The amount paid to Directors in the period to 30 June 2016 by the Manager and the amounts outstanding on 30 June 2016 and 31 December 2015 are disclosed in Note 5 (Operating Expenses) and Note 8 (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 137,266 to the Directors during the period to 30 June 2016 (30 June 2015: RMB 89,700); of which RMB 304,928 was outstanding at 30 June 2016 (31 December 2015: RMB 121,162).

The Fund accrued RMB 72,967 to KB Associates for consultancy services during the period to 30 June 2016 (30 June 2015: RMB 69,000); of which RMB 37,027 was outstanding at 30 June 2016 (31 December 2015: RMB 35,270). 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.

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9. Related party transactions (continued)

Helen Lingli Zhou is a Director of the Company and until 4 December 2015 was the Managing Director of the Investment Manager.

Details of the Investment Manager fees are disclosed in Note 5, Note 6 and Note 8.

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

Joe Zhou was appointed as Alternate Director for the Company with effect from 23 October 2015 and resigned on 8 June 2016.

The Directors had no direct or indirect interest in any shares in issue by the Company as at 30 June 2016 (2015: 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 period ended 30 June 2016.

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 2016, there are 5 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.

10. 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.

11. 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.

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11. Share capital (continued)

Redeemable shares in issue	Period ended 30 June 2016	Year ended 31 December 2015	Period ended 30 June 2015
Number of Class A Accumulating Redeemable Shares Issued and Fully Paid			
Balance at beginning of financial period/year	892,719	29,229,819	29,229,819
Issued during financial period/year	240,000	805,000	300,000
Redeemed during financial period/year	(416,513)	(29,142,100)	(28,207,800)
Total number of Class A Accumulating Redeemable Shares in issue at end of financial period/year	716,206	892,719	1,322,019
	As at 30 June 2016	As at 31 December 2015	As at 30 June 2015
Total Net Asset Value Class A Accumulating Redeemable Shares	72,141,333	103,772,277	179,710,067
Dealing Net Asset Value per Redeemable Share Class A Accumulating Redeemable Shares	100.73	116.24	135.94

11. 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 period.

12. 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 period from launch date to 30 June 2015. The comparative figures disclosed in the Statement of Financial Position and related notes are those of 31 December 2015 throughout.

13. 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 2016	Country	Currency	Dividend Income	Interest Income
Financial period ended 30 June 2016	China	RMB	839,929	1,673
Financial period ended 30 June 2015	China	RMB	3,255,833	46,871

14. Significant events during the period

Joe Zhou resigned as a Director of the Company on 8 June 2016.

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

15. Post balance sheet events

There were no significant post balance sheet events.

16. Approval of financial statements

The Financial Statements were approved by the Board on 24 August 2016.

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Schedule of investments

As at 30 June 2016

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 2015.

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
	Equities: 99.07% (2015: 99.40%)				Coal: 0.81% (2015: 0.81%)		
	China: 99.07% (2015: 99.40%)			41,422	China Shenhua Energy	582,808	0.81
	Alternative Electricity: Nil (2015: 0.53%)				Consumer Electronics: 0.99% (2015: 0.99%)		
	Auto Manufacturers: 2.19% (2015: 2.05%)			33,175	Hangzhou Hikvision	711,936	0.99
9,800	BYD	597,898	0.83		Computer Hardware: 0.20% (2015: Nil)		
48,428	SAIC Motor Corporation	982,604	1.36	8,600	Focus Media Information Technology	141,986	0.20
	Auto Parts: 0.23% (2015: 0.69%)				Electric: 1.93% (2015: 2.23%)		
7,100	Guangzhou Automobile Group	166,779	0.23	63,238	Gree Electric Appliances	1,094,017	1.52
	Banks: 50.26% (2015: 46.63%)			39,516	Huaneng Power International	297,160	0.41
738,010	Agricultural Bank of China	2,361,632	3.27		Electronic Equipment: 0.77% (2015: 1.01%)		
188,200	Bank of Beijing	1,951,634	2.70	81,400	China National Nuclear Power	555,962	0.77
440,869	Bank of China	1,415,190	1.96		Engineering & Construction: 4.21% (2015: 5.25%)		
418,657	Bank of Communications	2,357,039	3.27	29,461	China Communications Construction	310,224	0.43
57,027	China CITIC Bank	323,343	0.45	57,757	China Railway Construction	575,260	0.80
189,322	China Construction Bank	899,280	1.25	116,900	China Railway Group	814,793	1.13
291,469	China Everbright Bank	1,095,923	1.52	250,971	China State Construction Engineering	1,335,166	1.85
247,524	China Merchants Bank	4,331,670	6.00		Financial Services: 2.05% (2015: 1.89%)		
519,214	China Minsheng Banking	4,636,581	6.43	25,700	Guosen Securities	443,325	0.61
162,583	CITIC Securities	2,638,722	3.66	54,791	Huatai Securities	1,036,646	1.44
48,246	GF Securities	808,603	1.12		Home Improvements: 1.80% (2015: 2.94%)		
125,460	Haitong Securities	1,934,593	2.68	54,847	Midea Group	1,300,971	1.80
451,100	Industrial & Commercial Bank of China	2,002,884	2.78		Insurance: 12.06% (2015: 12.92%)		
286,962	Industrial Bank	4,373,301	6.06	30,475	China Life Insurance	634,490	0.88
150,839	Ping An Bank	1,312,299	1.82	52,685	China Pacific Insurance	1,424,602	1.97
245,062	Shanghai Pudong Development Bank	3,815,615	5.29	11,752	New China Life Insurance	474,781	0.66
	Beverages: 6.09% (2015: 2.69%)			192,632	Ping An Insurance	6,171,929	8.55
6,000	Jiangsu Yanghe Brewery	431,520	0.60		Building Materials: 2.07% (2015: 2.73%)		
9,490	Kweichow Moutai	2,770,321	3.84				
36,500	Wuliangye Yibin	1,187,345	1.65				
	Building Materials: 2.07% (2015: 2.73%)						
163,100	CSR	1,495,627	2.07				

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Schedule of investments (continued)

As at 30 June 2016

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 2015.

Holdings	Financial assets at fair value through profit or loss	Fair value RMB	% of net assets		Fair value RMB	% of net assets
	Investment Companies: 1.01% (2015: 0.95%)					
87,001	Shenwan Hongyuan Group	731,678	1.01	Total value of investments	71,471,506	99.07
	Investment Services: 0.79% (2015: 0.99%)			Cash and cash equivalents*	1,042,725	1.45
31,900	Guotai Junan Securities	567,501	0.79	Other net liabilities	(372,898)	(0.52)
	Oil & Gas: 2.16% (2015: 2.21%)			Net assets attributable to holders of redeemable participating shares	72,141,333	100.00
199,873	China Petroleum & Chemical	943,401	1.31			
84,657	Petro China Company	612,070	0.85			
	Pharmaceuticals: 0.48% (2015: 0.47%)					
9,200	Shanghai RAAS Blood Products	346,656	0.48			% of Total Assets
	Real Estate: 4.94% (2015: 5.16%)			Analysis of Total Assets		
43,000	China Merchants Shekou Industrial Zone	612,750	0.85	Transferable securities admitted to official stock exchange listing		98.50
219,385	China Vanke	2,948,534	4.09	Cash and cash equivalents		1.44
	Shipbuilding: 1.92% (2015: 2.25%)			Clearing reserve		0.06
219,097	China Shipbuilding Industry	1,386,884	1.92			100.00
	Steel-Produces: 0.67% (2015: 0.80%)			All equity positions (with the exception of the investment held in China Vanke and Gree Electric Appliances) held by the Company at 30 June 2016 are classified as Level 1 and as at 31 December 2015 all equity positions were Level 1 except for the investment held in China Vanke.		
170,300	Inner Mongolia Baotou Steel	487,058	0.67	The investments in China Vanke and Gree Electric Appliances have been classified as Level 3. See Note 2(H) for further details.		
	Telecommunications: Nil (2015: 1.43%)					
	Transport Support Services: 0.45% (2015: 0.53%)					
62,991	Shanghai International Port	321,254	0.45			
	Transportation: 0.99% (2015: 1.25%)					
111,376	Daqin Railway	717,261	0.99			
	Total China	71,471,506	99.07			
	Total Equities	71,471,506	99.07			

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Schedule of Material Portfolio Changes

For the six months ended 30 June 2016

CSOP Source FTSE China A50 UCITS ETF

Purchases	Cost RMB
304,100 Bank of Beijing	3,102,868
147,500 Industrial Bank Company	2,181,481
68,100 Ping An Insurance	2,011,543
197,800 China Minsheng Banking	1,699,134
42,600 Wuliangye Yibin	1,392,870
87,500 China Merchants Bank	1,288,472
73,100 Shanghai Pudong Development Bank	1,206,445
69,500 China Merchants Shekou Industrial Zone	1,104,516
193,500 Bank of Communications	1,030,879
57,400 Citic Securities	816,736
260,840 Agricultural Bank of China	769,351
3,400 Kweichou Moutai	684,488
159,400 Industrial & Commercial Bank of China	641,919
57,600 CRRC Corporation	553,702
44,300 Haitong Securities	537,341
7,000 Jiangsu Yanghe Brewery	533,060
155,800 Bank of China	494,163
88,700 China State Construction Engineering	444,707
44,500 Ping An Bank	436,883
18,600 China Pacific Insurance	427,644
50,201 Shenwan Hongyuan	410,117
65,200 China Shipbuilding Industry	381,631
24,000 Huatai Securities	361,973
103,000 China Everbright Bank	357,602
12,900 Midea Group	353,216
17,140 SAIC Motor Corporation	318,718
41,300 China Railway Group	316,243
66,900 China Constructions Bank	314,426
70,600 China Petroleum and Chemical Corporation	303,802
27,900 Suning Appliance	292,634

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 year. At a minimum the largest 20 purchases and largest 20 sales must be given. The full listing of the portfolio changes for the year is available, upon request, at no extra cost from the Administrator.

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Schedule of Material Portfolio Changes (continued)

For the six months ended 30 June 2016

Sales		Proceeds RMB
135,400	Ping An Insurance	(4,284,466)
337,700	China Minsheng Banking	(3,044,163)
174,100	China Merchants Bank	(2,864,009)
183,300	Industrial Bank Company	(2,827,529)
389,062	Shanghai Pudong Development Bank	(2,290,286)
114,200	Citic Securities	(1,928,791)
6,700	Kweichou Moutai	(1,707,058)
519,000	Agricultural Bank of China	(1,641,255)
134,200	Suning Appliance	(1,557,784)
251,300	Bank of Communications	(1,400,078)
317,200	Industrial & Commercial Bank of China	(1,367,186)
88,200	Haitong Securities	(1,277,937)
302,000	China United Network	(1,211,172)
115,900	Bank of Beijing	(1,162,449)
114,600	CRRC Corporation	(1,135,296)
309,900	Bank of China	(1,049,401)
176,500	China State Construction Engineering	(976,651)
37,000	China Pacific Insurance	(967,544)
272,539	Ping An Bank	(932,736)
94,447	Midea Group	(803,523)
204,900	China Everbright Bank	(761,600)
77,200	Shanghai Electric Group	(693,137)
34,100	SAIC Motor Corporation	(686,878)
140,500	China Petroleum and Chemical Corporation	(678,278)
112,700	Sinohydro Group	(669,958)
94,900	China Shipbuilding Industry Company	(668,790)
133,100	China Constructions Bank	(646,915)
82,200	China Railway Group	(637,582)
33,900	Huatai Securities	(580,283)
34,000	GF Securities	(554,142)
78,400	Daqin Railway	(531,617)
92,100	Zhejiang Zheneng Electric Power	(515,962)

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 year. At a minimum the largest 20 purchases and largest 20 sales must be given. The full listing of the portfolio changes for the year is available, upon request, at no extra cost from the Administrator.

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