



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

CSOP SZSE CHINEXT ETF
Stock Codes: 83147 (RMB counter) and 03147 (HKD counter)
(A sub-fund of CSOP ETF Series)

Reports and Financial Statements
FOR THE YEAR ENDED 31 DECEMBER 2020



CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

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CSOP SZSE CHINEXT ETF (A SUB-FUND OF CSOP ETF SERIES)

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CSOP SZSE ChiNext ETF (the “CSOP ChiNext ETF”), a sub-fund of the CSOP ETF Series, is a unit trust authorised under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. It was launched on 13 May 2015 and commenced trading in RMB under the stock code 83147 on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 15 May 2015; following the SEHK’s dual counter model, the CSOP ChiNext ETF started trading in HKD under the stock code 03147 on the SEHK on 15 May 2015 too. The CSOP ChiNext ETF is benchmarked against the ChiNext Index and adopts the full-replication strategy. The Manager and RQFII Holder of the CSOP ChiNext ETF is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP ChiNext ETF is a physical ETF which invests directly in the ChiNext Index securities. Under current regulations in the PRC, foreign investors can invest in the domestic securities market through certain qualified foreign institutional investors that have obtained status as a QFII or a RQFII from the CSRC and have been granted quota(s) by SAFE to remit foreign freely convertible currencies (in the case of a QFII) and RMB (in the case of a RQFII) into the PRC for the purpose of investing in the PRC’s domestic securities markets. Meanwhile, from November 17, 2014, foreign investors can trade eligible stocks listed in Shanghai Stock Exchange through Shanghai-Hong Kong Stock Connect. And from December 5, 2016, foreign investors can trade eligible stocks listed in Shenzhen Stock Exchange through Shenzhen-Hong Kong Stock Connect. The Manager has obtained RQFII status and the total RQFII quotas obtained by the Manager amount to RMB 46.1 billion as of 31 December 2020. The CSOP ChiNext ETF will primarily use a physical representative sampling strategy by investing 50% to 100% of its NAV in Index Securities, and may use a synthetic representative sampling strategy as an ancillary strategy by investing up to 50% in FDIs, which will mainly be funded total return swaps with one or more counterparties.

The ChiNext Index (the “Index”) is compiled and published by Shenzhen Securities Information Co., Ltd. It comprises the top 100 A-Share companies listed on the ChiNext board of the Shenzhen Stock Exchange ranked by total market capitalization, free-float market capitalization and turnovers. The Index operates under clearly defined rules published by the index provider and is a tradable index.

Fund Performance

The CSOP ChiNext ETF seeks to provide investment results, before fees and expenses, which closely correspond to the performance of the Index. As of 31 December 2020, the dealing Net Asset Value (“NAV”) per unit of the CSOP ChiNext ETF was RMB 10.5064 and there were 76,200,000 units outstanding. The total asset under management was approximately RMB 800.6 million.

As of 31 December 2020, the dealing NAV of CSOP ChiNext ETF RMB counter (stock code 83147) performed 63.71% while the index performed 64.96%. The difference in performance between the NAV of the CSOP ChiNext ETF and the Index is mainly attributed to fees and expenses. YTD Price return of the RMB counter (stock code 83147) was 64.45%.

Exchange Liquidity

Since inception, the CSOP ChiNext ETF has attracted great investor attention from investors across the globe. The trading value of the RMB counter (stock code: 83147) remained steadily at an average daily turnover of RMB 277 thousand in December 2020. The trading value of the HKD counter (stock code: 03147) remained steadily at an average daily turnover of HKD 7.9 million in December 2020.

Portfolio Rebalance

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

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

REPORT OF THE TRUSTEE TO THE UNITHOLDERS

We hereby confirm that, in our opinion, the Manager of the CSOP SZSE ChiNext ETF (the "Sub-Fund"), a sub-fund of CSOP ETF Series, has, in all material respects, managed the Sub-Fund in accordance with the provisions of the Trust Deed dated 25 July 2012, as amended, for the year ended 31 December 2020.

HSBC Institutional Trust Services (Asia) Limited
30 April 2021

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

MANAGER'S RESPONSIBILITIES

The Manager of the CSOP SZSE ChiNext ETF (the "Sub-Fund"), a sub-fund of CSOP ETF Series, is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the Trust Deed dated 25 July 2012, as amended, (the "Trust Deed") to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of the year and of the transactions for the year then ended. In preparing these financial statements the Manager is required to:

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

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

CSOP ETF Series (the "Trust") is an umbrella unit trust governed by its Trust Deed. As at 31 December 2020, the Trust has established nine sub-funds, namely, CSOP SZSE ChiNext ETF (the "Sub-Fund"), CSOP FTSE China A50 ETF, CSOP MSCI China A Inclusion Index ETF, ICBC CSOP S&P New China Sectors ETF, CSOP Hong Kong Dollar Money Market ETF, CSOP US Dollar Money Market ETF, CSOP CSI 500 ETF, CSOP Hang Seng TECH Index ETF and CSOP Yinhua CSI 5G Communications Theme ETF. CSOP CSI 500 ETF, CSOP Hang Seng TECH Index ETF, CSOP Yinhua CSI 5G Communications Theme ETF were launched on 18 March 2020, 27 August 2020 and 21 October 2020 respectively.

TRUSTEE'S RESPONSIBILITIES

The Trustee of the Sub-Fund is required to:

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

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

Report on the Audit of the Financial Statements

Opinion

What we have audited

The financial statements of CSOP SZSE ChiNEXT ETF (the “Sub-Fund”), a sub-fund of CSOP ETF Series, set out on pages 8 to 30, which comprise:

- the statement of financial position as at 31 December 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 December 2020, and of its financial transactions and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

Key Audit Matters (Continued)

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

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><u>Existence and valuation of investments and derivative financial instruments</u></p> <p>The Sub-Fund's investments as at 31 December 2020 were mainly comprised of listed equities and unlisted total return swaps of companies in the People's Republic of China, valued at RMB800,991,045. These investments held by the Sub-Fund included a listed equity of RMB132,927 which has been suspended for trading as at 31 December 2020.</p> <p>We focused on the existence and valuation of the investments and derivative financial instruments because the investments and derivative financial instruments represented the principal element of the Sub-Fund's net asset value as at 31 December 2020. In addition, we also focused on the valuation of a listed equity which has been suspended for trading as at 31 December 2020 because the judgments made by the Manager in determining its fair value involved a higher degree of subjectivity.</p> <p>Refer to Note 9 to the financial statements</p>	<p>Our work included an assessment of the key controls over the existence and valuation of the investments and derivative financial instruments, which included the following:</p> <ol style="list-style-type: none"> 1. We developed an understanding of the control objectives and related controls by obtaining the service organisation internal control reports provided by the trustee setting out the controls in place, and the independent service auditor's assurance reports over the design and operating effectiveness of those controls thereon. 2. We evaluated the tests undertaken by the service auditor and the results of the tests undertaken and the opinions formed by the service auditor on the design and operating effectiveness of the controls, to the extent relevant to our audit of the Sub-Fund. <p>We tested the existence of investments and derivative financial instruments by obtaining direct confirmations from the custodians and agreeing the Sub-Fund's holdings of investments and derivative financial instruments to the confirmations. Based on the procedures we performed, we found the Sub-Fund's holdings of investments and derivative financial instruments to be in agreement with the confirmations received.</p> <p>We agreed the valuation of the Sub-Fund's investments and derivative financial instruments by comparing the pricing used by the Sub-Fund to external pricing sources as at 31 December 2020. We found no material exceptions from our testing.</p> <p>In addition, for the investment which has been suspended for trading as at year end, we assessed the appropriateness of the valuation methodology adopted by the Manager. We also assessed the judgments made in determining the valuation of such investment by considering factors which may impact their fair values, including the duration of suspension period, the relevant market information and news of the suspended listed equity, the price movement of comparable listed equity during the suspension period and, if applicable, the market price of the suspended listed equity upon resumption of trading after year end. Based on the procedures we performed, we found the judgments made by the Manager in determining the valuation of this investment to be supportable by available evidences.</p>

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

Other Information

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Matters under the Relevant Disclosure Provisions of the Trust Deed and the Appendix E of the SFC Code

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

The engagement partner on the audit resulting in this independent auditor's report is Josephine W.T. Kwan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 April 2021

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>RMB</i>	2019 <i>RMB</i>
ASSETS			
CURRENT ASSETS			
Investments	<i>7(c),9(a),9(c)</i>	494,092,889	435,732,660
Derivative financial instruments	<i>9(a),9(b),9(d)</i>	306,898,156	-
Dividend receivable		10,143	-
Interest receivable from bank deposits		3	15
Interest receivable from derivative financial instruments		318,884	-
Amounts due from participating dealers		648	648
Bank balances	<i>7(c)</i>	471,778	2,169,328
		<u>801,792,501</u>	<u>437,902,651</u>
		----- 801,792,501	----- 437,902,651
		----- <u>801,792,501</u>	----- <u>437,902,651</u>
Total assets			
LIABILITIES			
CURRENT LIABILITIES			
Management fee payable	<i>7(a),7(b)</i>	655,639	355,118
Other accounts payable		548,460	505,527
		<u>1,204,099</u>	<u>860,645</u>
		----- 1,204,099	----- 860,645
Total liabilities			
EQUITY			
Net assets attributable to unitholders	<i>3</i>	<u>800,588,402</u>	<u>437,042,006</u>
		----- <u>800,588,402</u>	----- <u>437,042,006</u>

The financial statements on pages 8 to 30 were approved by the Trustee and the Manager on 30 April 2021 and were signed on their behalf.

For and on behalf of

For and on behalf of

CSOP Asset Management Limited
as the Manager

HSBC Institutional Trust Services (Asia) Limited
as the Trustee

The accompanying notes form an integral part of these financial statements.

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

		Year ended 31 December 2020 <i>RMB</i>	Year ended 31 December 2019 <i>RMB</i>
	<i>Notes</i>		
INCOME			
Dividend income		3,001,310	3,335,014
Interest income from bank deposits	7(c)	33,250	24,259
Interest income from derivative financial instruments		1,127,201	-
Net gain on investments and derivative financial instruments	5	247,027,169	103,342,096
Other income		469,084	1,769,353
Total net income		<u>251,658,014</u>	<u>108,470,722</u>
EXPENSES			
Management fee	7(a),(b)	(6,304,562)	(4,222,510)
Transaction costs on investments		(2,662,883)	(1,215,999)
Audit fee		(96,462)	(251,547)
Safe custody and bank charges	7(d)	(208,448)	(98,344)
Legal and other professional fee		(161,857)	(249,844)
Other operating expenses	7(d)	(730,099)	(869,629)
Total operating expenses		<u>(10,164,311)</u>	<u>(6,907,873)</u>
Operating profit		<u>241,493,703</u>	<u>101,562,849</u>
Taxation	6	(239,997)	(333,834)
Total comprehensive income		<u><u>241,253,706</u></u>	<u><u>101,229,015</u></u>

The accompanying notes form an integral part of these financial statements.

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

For the year ended 31 December 2020

		Year ended 31 December 2020 <i>RMB</i>	Year ended 31 December 2019 <i>RMB</i>
Net assets attributable to unitholders at the beginning of the year		437,042,006	226,499,471
Proceeds on issue of units	4	605,214,270	291,497,850
Payments on redemption of units	4	(482,921,580)	(182,184,330)
Net increase from unit transactions		122,292,690	109,313,520
Total comprehensive income for the year		241,253,706	101,229,015
Net assets attributable to unitholders at the end of the year		800,588,402	437,042,006

The movements of the redeemable units for the years ended 31 December 2020 and 2019 are as follows:

	Year ended 31 December 2020 Units	Year ended 31 December 2019 Units
Number of units in issue at the beginning of the year	68,100,000	50,400,000
Units issued	63,600,000	49,800,000
Units redeemed	(55,500,000)	(32,100,000)
Number of units in issue at the end of the year	76,200,000	68,100,000

The accompanying notes form an integral part of these financial statements.

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Year ended 31 December 2020 <i>RMB</i>	Year ended 31 December 2019 <i>RMB</i>
OPERATING ACTIVITIES		
Payments for purchase of investments	(1,679,990,101)	(509,799,910)
Proceeds from sale of investments	1,561,758,885	397,622,087
Dividend income received	2,991,167	3,335,014
Interest income from bank deposits received	33,262	24,361
Interest income from swap received	808,317	
Other income received	469,084	1,769,353
Management fee paid	(6,004,041)	(4,061,582)
Transaction costs paid	(2,662,883)	(1,215,999)
Taxation paid	(239,997)	(333,834)
Other operating expenses paid	(1,153,933)	(1,407,715)
Deposit reserve refunded	-	224,000
	<hr/>	<hr/>
Net cash used in operating activities	(123,990,240)	(113,844,225)
	-----	-----
FINANCING ACTIVITIES		
Proceeds on issue of units	605,214,270	291,497,850
Payments on redemption of units	(482,921,580)	(182,184,330)
	<hr/>	<hr/>
Net cash generated from financing activities	122,292,690	109,313,520
	-----	-----
Net decrease in cash and cash equivalents	(1,697,550)	(4,530,705)
Cash and cash equivalents at the beginning of the year	2,169,328	6,700,033
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	471,778	2,169,328
	<hr/> <hr/>	<hr/> <hr/>
Analysis of balances of cash and cash equivalents		
Bank balances	471,778	2,169,328
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these financial statements.

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CSOP ETF Series (the “Trust”) is an umbrella unit trust governed by its trust deed dated 25 July 2012, as amended, (the “Trust Deed”) and authorised by the Securities and Futures Commission of Hong Kong (the “SFC”) pursuant to Section 104(1) of the Securities and Futures Ordinance. The terms of the Trust Deed are governed by the laws of Hong Kong. As at 31 December 2020, the Trust has nine sub-funds which are CSOP SZSE ChiNext ETF (the “Sub-Fund”), CSOP FTSE China A50 ETF, CSOP MSCI China A Inclusion Index ETF, ICBC CSOP S&P New China Sectors ETF, CSOP Hong Kong Dollar Money Market ETF, CSOP US Dollar Money Market ETF, CSOP CSI 500 ETF, CSOP Hang Seng TECH Index ETF and CSOP Yinhuo CSI 5G Communications Theme ETF. CSOP CSI 500 ETF, CSOP Hang Seng TECH Index ETF, CSOP Yinhuo CSI 5G Communications Theme ETF were launched on 18 March 2020, 27 August 2020 and 21 October 2020 respectively. The date of inception of the Sub-Fund was 13 May 2015. The Sub-Fund is listed on The Stock Exchange of Hong Kong Limited.

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

The investment objective of the Sub-Fund is to provide investment results that, before deduction of fees and expenses, closely correspond to the performance of the underlying index, namely, the ChiNext Index.

Investment Strategy until 3 January 2020

In order to achieve the investment objective of the Sub-Fund, the Manager will primarily used a full replication strategy by directly investing all, or substantially all, of the assets of the Sub-Fund in index securities constituting the underlying index in substantially the same weightings (i.e. proportions) as these index securities had in the underlying index. The Manager also invested not more than 5% of its net asset value in securities other than index securities in exceptional circumstances.

Investment Strategy effective from 3 January 2020

In order to achieve the investment objective of the Sub-Fund, the Manager now uses a combination of a physical representative sampling strategy and a synthetic representative sampling strategy. The Sub-Fund (i) primarily uses a physical representative sampling strategy by investing 50% to 100% of its net asset value in index securities constituting the underlying index; and (ii) where the Manager believes such investments are beneficial to the Sub-Fund and will help the Sub-Fund achieve its investment objective, uses a synthetic representative sampling strategy as an ancillary strategy by investing up to 50% in financial derivative instruments, which are unlisted funded total return swaps with one or more counterparties. Exposure of the Sub-Fund to the index securities (either through direct investment or through financial derivative instruments) is in substantially the same weightings (i.e. proportions) as these index securities have in the underlying index.

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

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

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION (Continued)

These financial statements are prepared for the Sub-Fund only. The financial statements for CSOP FTSE China A50 ETF, CSOP MSCI China A Inclusion Index ETF, ICBC CSOP S&P New China Sectors ETF, CSOP Hong Kong Dollar Money Market ETF, CSOP US Dollar Money Market ETF, CSOP CSI 500 ETF, CSOP Hang Seng TECH Index ETF and CSOP Yinhua CSI 5G Communications Theme ETF have been prepared separately.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the Sub-Fund have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires the Trustee and the Manager (together the "Management") to exercise their judgment in the process of applying the Sub-Fund's accounting policies.

Standards and amendments to existing standards effective 1 January 2020

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2020 that have a material effect on the financial statements of the Sub-Fund.

New standards, amendments and interpretations effective after 1 January 2020 that are relevant to the Sub-Fund and have not been early adopted by the Sub-Fund

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2020, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Sub-Fund.

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments

(i) Classification

The Sub-Fund classifies its investments based on both the Sub-Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Sub-Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Sub-Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss.

(ii) Recognition/derecognition

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

(iii) Measurement

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

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

(iv) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The Sub-Fund utilises the last traded market price for both listed financial assets and liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Management will determine the point within the bid-ask spread that is most representative of fair value.

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

(v) Transfers between levels of the fair value hierarchy

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

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments (Continued)

(vi) Derivatives

A financial asset or financial liability 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 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. Derivatives are also categorised as held for trading unless they are designated as hedges. The Sub-Fund does not classify any derivatives as hedges in a hedging relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are 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 Sub-Fund's documented investment strategy.

The Sub-Fund's policy requires the Manager to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

(vii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(c) Amounts due from participating dealers/brokers

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

Amounts due from brokers represent receivables for securities sold that have been contracted for but not yet settled on the statement of financial position date.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Sub-Fund shall measure the loss allowance on amounts due from participating dealers/brokers at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Sub-Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the participating dealers/brokers, probability that the participating dealers/brokers will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by Management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Amounts due to participating dealers/brokers

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

Amounts due to brokers represent payables for securities purchased that have been contracted for but not yet delivered on the statement of financial position date.

These amounts are recognised initially at fair value and subsequently measured at amortised cost.

(e) Dividend income and interest income

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

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

(f) Distributions to unitholders

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

(g) Other income/expense

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

(h) Transactions costs

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

(i) Expenses

Expenses are accounted for on an accrual basis.

(j) Cash and cash equivalents

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

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Foreign currencies translation

Functional and presentation currency

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

Transactions and balances

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

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

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

(l) Redeemable units

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

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

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

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

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Taxation

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

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

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

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

(n) Establishment costs

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

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the fair value of the securities that are suspended from trading which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

Fair value of securities that are suspended from trading

Management used its judgment in determining the fair values of these investments and involved a higher degree of subjectivity. Management judgment in determining the fair values of the suspended investments includes factors such as the duration of suspension period, the relevant market information and news of the suspended listed equities, the price movement of comparable listed equities/index during the suspension period and, if applicable, the market prices of the suspended listed equities upon resumption of trading after year end.

As at 31 December 2020, the Sub-Fund held one Investment of RMB132,927, representing 0.02% of the net asset value of the Sub-Fund, which was suspended for trading and classified as level 2 and corresponding funded total return swap of RMB1,596,266, representing 0.20% of the net asset value of the Sub-Fund also classified as level 2. Such suspended investment held by the Sub-Fund has resumed trading subsequent to the year ended 31 December 2020. Having considered the factors mentioned above, Management decided to use the latest available price before suspension as the fair value of such suspended investment as at 31 December 2020.

As at 31 December 2019, there was no investment held by the Sub-Fund which has been suspended for trading.

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NOTES TO THE FINANCIAL STATEMENTS

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

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

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

As stated in Note 2(1), redeemable units of the Sub-Fund are classified as equities and they are carried at the price based on the Sub-Fund's net asset value per unit at the reporting date if the unitholder exercised the right to redeem the units in the Sub-Fund.

	2020 Units	2019 Units
Number of units in issue at the end of the year	76,200,000	68,100,000
	2020 <i>RMB</i>	2019 <i>RMB</i>
Net assets attributable to unitholders per unit as at 31 December (per statement of financial position)	10.5064	6.4177

5. NET GAIN ON INVESTMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

	Year ended 31 December 2020 <i>RMB</i>	Year ended 31 December 2019 <i>RMB</i>
Net change in unrealised gain in value of investments and derivative financial instruments	74,403,079	128,239,917
Net realised gain/(loss) on sale of investments and derivative financial instruments	172,624,068	(24,897,821)
Net foreign currency gain	22	-
	247,027,169	103,342,096

6. TAXATION

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

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NOTES TO THE FINANCIAL STATEMENTS

6. TAXATION (Continued)

PRC tax

The Sub-Fund invests in A-Shares listed in the PRC and is subjected to 10% withholding tax on dividend income derived from A-Shares. Withholding tax was charged on dividend income received from A-Shares during the years ended 31 December 2020 and 2019.

The taxation of the Sub-Fund for the years ended 31 December 2020 and 2019 represents:

	Year ended 31 December 2020 <i>RMB</i>	Year ended 31 December 2019 <i>RMB</i>
Withholding tax on dividend income	239,997	333,488
Withholding tax on interest income	-	346
	<hr/>	<hr/>
Taxation	<u>239,997</u>	<u>333,834</u>

7. TRANSACTIONS WITH THE TRUSTEE, MANAGER AND CONNECTED PERSONS

The following is a summary of significant related party transactions and transactions entered into during the year between the Sub-Fund and the Trustee/Custodian, the Manager and the Connected Persons of the Manager. Connected Persons of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"). All transactions entered into during the years ended 31 December 2020 and 2019, between the Sub-Fund and the Manager and its Connected Persons were carried out in the normal course of business and on ordinary commercial terms. To the best of the Manager's knowledge, the Sub-Fund does not have any other transactions with the Connected Persons of the Manager except for those disclosed below.

(a) Management fee

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

(b) Trustee fee and Registrar's fee

The Trustee fee and Registrar's fee are included in the management fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee. Refer to Note 7(a).

The Trustee shall also be entitled to be reimbursed from the Sub-Fund for all out-of-pocket expenses incurred.

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NOTES TO THE FINANCIAL STATEMENTS

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

(c) Financial assets

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

	2020 <i>RMB</i>	2019 <i>RMB</i>
Investments		
The Hongkong and Shanghai Banking Corporation Limited	494,092,889	435,732,660
Bank balances		
The Hongkong and Shanghai Banking Corporation Limited	471,778	2,169,328

Interest income amounted to RMB33,250 (2019: RMB24,259) was earned on these bank balances for the year ended 31 December 2020.

(d) Holding in the Sub-Fund

As at 31 December 2020 and 31 December 2019, no unit was held by the Trustee, Manager and their connected persons.

(e) Other respective amounts paid to the Trustee and its connected persons

The other respective amounts paid to the trustee and its connected persons for the year ended 31 December 2020 and 2019 were as follows:

	2020 <i>RMB</i>	2019 <i>RMB</i>
Safe custody and bank charges	208,448	98,344
Other operating expenses	192,633	568,348
	401,081	666,692

8. TRANSACTION COST

Transaction costs are costs incurred to acquire/dispose financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisers, brokers and dealers.

9. FINANCIAL RISK MANAGEMENT

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

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

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk

(i) Market price risk

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

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

As at 31 December 2020 and 2019, the Sub-Fund's investments and derivative financial instruments were concentrated in the following industries:

	2020		2019	
	Fair value	% of net	Fair value	% of net
	<i>RMB</i>	asset value	<i>RMB</i>	asset value
Listed equities in PRC and unlisted funded total return swap* – by industry				
Basic Materials	35,574,521	4.44	18,131,421	4.15
Consumer Goods	175,474,370	21.92	87,992,760	20.13
Consumer Services	36,630,484	4.58	48,538,441	11.11
Financials	54,282,519	6.78	-	-
Health Care	238,640,588	29.81	113,576,748	25.99
Industrials	125,103,645	15.63	85,179,811	19.49
Oil & Gas	17,889,300	2.23	2,808,351	0.64
Technology	117,395,618	14.66	79,505,128	18.19
	<u>800,991,045</u>	<u>100.05</u>	<u>435,732,660</u>	<u>99.70</u>

*The data of Unlisted Funded Total Return Swaps represent their underlying asset

The Sub-Fund held 100 out of 100 (2019: 100 out of 100) constituents comprising the ChiNext Index. The Sub-Fund is therefore exposed to substantially the same market price risk as the ChiNext Index.

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

As at 31 December 2020 and 2019, if the ChiNext Index were to increase by 25% (2019: 25%) with all other variables held constant, this would increase the operating profit for the year by approximately RMB196,005,376 (2019: RMB107,955,268). Conversely, if the ChiNext Index were to decrease by 25% (2019: 25%), this would decrease the operating profit for the year by an equal amount.

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (continued)

(ii) Interest rate risk

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

As at 31 December 2020 and 2019, interest rate risk arises only from bank balances. As the bank balances held by the Sub-Fund is short term in nature and interest arising from these interest bearing assets are immaterial, the Manager considers that changes in their fair value and future cash flows in the event of a change in market interest rates will not be material. As a result, the Manager considers sensitivity analysis of interest rate risk is not necessary to be presented.

(iii) Currency risk

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

(b) Credit and counterparty risk

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

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

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

As at 31 December 2020, the Sub-Fund placed bank balances of RMB471,778 (2019: RMB2,169,328) and investments of RMB494,092,889 (2019: RMB435,732,660) with The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), which is the custodian of the Sub-Fund. The S&P credit rating of HSBC is A- (2019: A).

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk (Continued)

As at 31 December 2020, the Sub-Fund invested in unlisted funded total return swaps were as follows:

Counterparty	Credit rating	Swap value	Collateral value	Collateral ratio
JP Morgan Securities PLC, London	Aa1	306,898,156	302,017,036	98.41%

The Sub-Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 31 December 2020 and 2019, interest receivable from bank deposits, interest receivable from derivative financial instruments, amounts due from participating dealers and bank balances are held with counterparties with high credit ratings and are due to be settled within 1 month. Management consider the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Sub-Fund.

The maximum exposure to credit risk as at 31 December 2020 and 2019 is the carrying amount of the financial assets as shown on the statement of financial position.

(c) Liquidity risk

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

	Less than 1 month <i>RMB</i>	1 month to less than 3 months <i>RMB</i>	Over 3 months <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2020				
Management fee payable	655,639	-	-	655,639
Other accounts payable	28,288	1,300	518,872	548,460
Contractual cash outflow	<u>683,927</u>	<u>1,300</u>	<u>518,872</u>	<u>1,204,099</u>
	Less than 1 month <i>RMB</i>	1 month to less than 3 months <i>RMB</i>	Over 3 months <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2019				
Management fee payable	355,118	-	-	355,118
Other accounts payable	17,952	400	487,175	505,527
Contractual cash outflow	<u>373,070</u>	<u>400</u>	<u>487,175</u>	<u>860,645</u>

Units are redeemed on demand at the unitholder's option. As at 31 December 2020 and 2019, there were 2 (2019: 3) unitholders holding more than 10% of the Sub-Fund's units, representing in aggregate 59.62% (2019: 40.45%) of the total Sub-Fund's units.

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

	Less than 1 month <i>RMB</i>	1 to 12 months <i>RMB</i>	No stated maturity <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2020				
Total assets	<u>801,463,471</u>	<u>329,030</u>	<u>-</u>	<u>801,792,501</u>
	Less than 1 month <i>RMB</i>	1 to 12 months <i>RMB</i>	No stated maturity <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2019				
Total assets	<u>437,902,636</u>	<u>15</u>	<u>-</u>	<u>437,902,651</u>

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation

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

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

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

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

The following table analyses within the fair value hierarchy the Sub-Fund’s financial assets (by class) measured at fair value at 31 December 2020 and 2019:

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
As at 31 December 2020				
Assets				
Investments				
- Equity securities	493,959,962	132,927	-	494,092,889
Derivative financial instruments				
- Unlisted funded total return swaps	-	306,898,156	-	306,898,156
Total assets	<u>493,959,962</u>	<u>307,031,083</u>	<u>-</u>	<u>800,991,045</u>
As at 31 December 2019				
Assets				
Investments				
- Equity securities	435,732,660	-	-	435,732,660
Total assets	<u>435,732,660</u>	<u>-</u>	<u>-</u>	<u>435,732,660</u>

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. Management has used best estimation and assessed all available information and considers that the last traded price is the best estimation of the fair value of level 2 investments. As at 31 December 2020, unlisted funded total return swaps are classified within level 2.

As at 31 December 2020, the Sub-Fund held one Investment of RMB132,927, representing 0.02% of the net asset value of the Sub-Fund, which was suspended for trading and classified as level 2 and corresponding unlisted funded total return swap of RMB1,596,266, representing 0.20% of the net asset value of the Sub-Fund also classified as level 2. Such suspended investment held by the Sub-Fund has resumed trading subsequent to the year ended 31 December 2020. Having considered the factors mentioned above, Management decided to use the latest available price before suspension as the fair value of such suspended investment as at 31 December 2020.

As at 31 December 2019, there was no investment held by the Sub-Fund which has been suspended for trading and classified in level 2.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or do not trade. As at 31 December 2020 and 2019, the Sub-Fund did not hold any investments classified in level 3.

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

The assets and liabilities included in the statement of financial position, other than investments, are carried at amortised cost. The carrying value of these financial assets and liabilities are considered by the Manager to approximate their fair value as they are short term in nature and the effect of discounting is immaterial. There are no other assets and liabilities not carried at fair value but for which fair value is disclosed.

(e) Capital risk management

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

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

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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(f) Offsetting and amounts subject to master netting arrangements and similar agreements

As at 31 December 2020 and 2019, the Sub-Fund was subject to one (2019: Nil) master netting arrangement with its sole derivative counterparty. All of the derivative assets and liabilities of the Sub-Fund are held with this counterparty and the margin balance maintained by the Sub-Fund is for the purpose of providing collateral on derivative positions.

The following tables present the Sub-Fund's financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements. The tables are presented by type of financial instrument.

	A	B	C = A - B	D		E = C - D
	Gross amounts of recognised financial assets <i>RMB</i>	Gross amounts of recognised financial liabilities set-off in the Statement of Financial Position <i>RMB</i>	Net amounts of financial assets presented in the Statement of Financial Position <i>RMB</i>	Related amounts not set-off in the Statement of Financial Position		Net amount <i>RMB</i>
				D(i)	D(ii)	
				Financial instruments <i>RMB</i>	Collateral <i>RMB</i>	
As at 31 December 2020						
Financial assets						
Derivative financial instrument						
- Unlisted						
Funded						
Total Return Swaps	306,898,156	-	306,898,156	-	-	306,898,156
	<u>306,898,156</u>	<u>-</u>	<u>306,898,156</u>	<u>-</u>	<u>-</u>	<u>306,898,156</u>

Amount in D(i) and D(ii) above relate to amounts to set-off that do not qualify for offsetting under (B) above. This includes (i) amounts which are subject to set-off against the asset (or liability) disclosed in (A) which have not been offset in the statement of financial position and (ii) any financial collateral (including cash collateral), both received and pledged.

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(f) Offsetting and amounts subject to master netting arrangements and similar agreements (continued)

The Sub-Fund and its counterparty have elected to settle all transactions on a gross basis. However, each party has the option to settle all open contracts on a net basis in the event of default of the other party. Per the terms of the master netting agreement, an event of default includes the following:

- failure by a party to make payment when due;
- bankruptcy.

10. DISTRIBUTION

There is no distribution during the year ended 31 December 2020 and 2019.

11. FINANCIAL INSTRUMENTS BY CATEGORY

As of 31 December 2020 and 2019, other than investments as disclosed in the financial statements which are classified as financial assets at fair value through profit or loss, all financial assets including interest receivable, amount due from participating dealers and bank balances are categorised as per IFRS 9 and carried at amortised cost. All the financial liabilities of the Sub-Fund are carried at amortised cost.

12. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE

The SFC Code allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-Fund's net asset value provided that the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the Index and the Sub-Fund's holding of any such constituent securities may not exceed their respective weightings in the Index (except as a result of changes in the composition of the Index and the excess is transitional and temporary in nature).

The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the years ended 31 December 2020 and 2019.

There was one (2019: Nil) constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund and their respective weightings of the ChiNext Index as at 31 December 2020. The following table shows the constituent securities that individually accounted for more than 10% of the net asset value of the Sub-Fund and their respective weightings of the ChiNext Index as at 31 December 2020:

	<u>Weighting in the Index (%)</u>	<u>% of net asset value</u>
CONTEMPORARY AMPEREX TECHNOLOGY CO LTD A SHS ORD CNY1	11.69%	11.69

During the year ended 31 December 2020, the ChiNext Index increased by 64.96% (2019: increased by 43.79%) while the net asset value per unit of the Sub-Fund increased by 63.71% (2019: increased by 42.81%).

**CSOP SZSE CHINEXT ETF
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NOTES TO THE FINANCIAL STATEMENTS

13. SOFT COMMISSION ARRANGEMENTS

The Manager has entered into soft commission arrangements since 26 October 2018 with some brokers under which certain goods and services used to support investment decision making are obtained from third parties and are paid for by the brokers in consideration of transactions of the Sub-Fund directed to the brokers. These may include, for example, research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services; clearing, registrar and custodial services and investment-related publication; computer hardware and software incidental to the above goods and services.

For the year ended 31 December 2020 and 2019, the Manager obtained services through soft dollar arrangements on transactions amounting to RMB2,377,199,601 (2019: RMB902,645,396). Commission which amounted to RMB397,114 (2019: RMB124,642) is paid from the Sub-Fund on these transactions.

14. SEGMENT INFORMATION

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

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

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

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

The total of non-current assets of the Sub-Fund located in PRC is RMBNil (2019: RMBNil) as at 31 December 2020. The Sub-Fund has no other assets classified as non-current assets. As at 31 December 2020, the Sub-Fund has a diversified portfolio of investments and one (2019: Nil) investment accounts for more than 10% of the Sub-Fund's net asset value.

15. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 30 April 2021.

CSOP SZSE CHINEXT ETF
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INVESTMENT PORTFOLIO (Unaudited)

As at 31 December 2020

	Holdings	Fair value RMB	% of net assets
Investments and derivative financial instruments (100.05%)			
Investments (61.72%)			
Listed equities (61.72%)			
China (61.72%)			
AIER EYE HOSPITAL GROUP CO A SHARE ORD CNY1	459,205	34,389,862	4.30
ANHUI ANKE BIOTECHNOLOGY GROUP CO LTD A SHRS ORD CNY1	111,954	1,643,485	0.21
BEIJING EASPRING MATERIAL TECHNOLOGY CO LTD A SHS ORD CNY1	45,500	2,950,675	0.37
BEIJING E-HUALU INFORMATION TECHNOLOGY CO LTD A SHR ORD CNY1	444	13,609	-
BEIJING ENLIGHT MEDIA CO LTD A SHR ORD CNY1	130,900	1,579,963	0.20
BEIJING JETSEN TECHNOLOGY CO LTD A SHRS ORD CNY1	41,154	132,927	0.02
BEIJING KUNLUN TECH CO LTD ORD CNY1	40,386	805,701	0.10
BEIJING ORIENT NATIONAL COMMUNICATION SCIENCE & TECHNOLOGY CO LTD ORD CNY1	204,460	2,238,837	0.28
BEIJING ORIGINWATER TECHNOLOGY CO LTD A SHR ORD CNY1	88,100	673,965	0.08
BEIJING SINNET TECHNOLOGY A SHRS ORD RMB1	142,289	2,443,102	0.31
BEIJING SJ ENVIRONMENTAL PROTECTION AND NEW MATERIAL CO LTD A SHS ORD CNY1	163,400	928,112	0.12
BEIJING THUNISOFT CORP LTD ORD CNY1	178,808	4,268,147	0.53
BETTA PHARMACEUTICALS CO LTD A SHRS ORD CNY1	6,313	677,827	0.08
BGI GENOMICS CO LTD A SHRS ORD CNY1	195	25,069	-
BLUEFOCUS COMMUNICATION GROUP CO LTD A SHR ORD CNY1	22,214	133,284	0.02
BOYA BIO-PHARMACEUTICAL GROUP CO LTD A SHRS ORD CNY1	9,014	302,330	0.04
BSOFT CO LTD ORD CNY1	6,675	90,313	0.01
CENTRE TESTING INTERNATIONAL CORP A SHR ORD CNY1	359,800	9,847,726	1.23
CHANGSHA JINGJIA MICROELECTRON A SHS ORD CNY1	1,400	97,874	0.01
CHAOZHOU THREE CIRCLE GROUP CO LTD ORD CNY1	274,890	10,239,652	1.28
CHONGQING ZHIFEI BIOLOGICAL PRODUCT CO LTD A SHRS ORD CNY1	6,217	919,556	0.11
CONTEMPORARY AMPEREX TECHNOLOGY CO LTD A SHS ORD CNY1	266,498	93,570,113	11.69
DIAN DIAGNOSTICS GROUP CO LTD SHRS A ORD CNY1	54,539	1,869,597	0.23
DOUSHEN BEIJING EDUCATION & TECHNOLOGY ORD CNY1	187,000	1,825,120	0.23
EAST MONEY INFORMATION CO LTD A SHR ORD CNY1	1,751,049	54,282,519	6.78
EOPTOLINK TECHNOLOGY INC LTD ORD CNY1	57,400	3,184,552	0.40
EVE ENERGY CO LTD A SHRS ORD CNY1	26,343	2,146,954	0.27
GUANGDONG BY-HEALTH BIOTECHNOLOGY CO LTD A SHS ORD CNY1	196,895	4,755,014	0.59
GUANGDONG SOUTH NEW MEDIA CO LTD ORD CNY1	572	40,212	-
GUANGZHOU SHANGPIN HOME COLLECTION CO LTD A SHS ORD CNY1	8,600	685,076	0.09
GUANGZHOU WONDFO BIOTECH CO LTD ORD CNY1	22,600	2,016,146	0.25

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INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 31 December 2020

	Holdings	Fair value RMB	% of net assets
Investments and derivative financial instruments (100.05%)			
(Continued)			
Investments (61.72%) (Continued)			
Listed equities (61.72%) (Continued)			
China (61.72%) (Continued)			
HAINAN POLY PHARM CO LTD ORD CNY1	10,237	428,828	0.05
HANGZHOU DPTECH TECHNOLOGIES CO LTD ORD CNY1	11,300	411,207	0.05
HANGZHOU SHUNWANG TECHNOLOGY CO LTD A SHS ORD CNY1	57,100	979,265	0.12
HANGZHOU TIGERMED CONSULTING CO LTD A SHR ORD NPV	135,027	21,821,713	2.73
HAPPIGO HOME SHOPPING CO L ORD CNY1	22,400	1,624,000	0.20
HITHINK FLUSH INFORMATION NETWORK CO LTD A SHS ORD CNY1	25,586	3,172,152	0.40
HUABAO FLAVOURS & FRAGRANCES CO LTD A SHRS ORD CNY1	15,500	850,485	0.11
HUAFON MICROFIBRE SHANGHAI CO LTD A SHR ORD CNY1	64,796	382,944	0.05
INGENIC SEMICONDUCTOR CO LTD ORD CNY1	15,200	1,390,648	0.17
INTCO MEDICAL TECHNOLOGY CO LTD ORD CNY1	54,200	9,113,730	1.14
JAFRON BIOMEDICAL CO LTD A SHR ORD CNY1	103,361	7,009,943	0.88
JIANGSU LIHUA ANIMAL HUSBANDRY STOCK CO LTD ORD CNY1	13,200	409,464	0.05
JL MAG RARE-EARTH CO LTD ORD CNY1	19,800	719,532	0.09
KONFOONG MATERIALS INTERNATIONAL CO LTD A SHRS ORD CNY1	200	9,902	-
LAKALA PAYMENT CO LTD ORD CNY1	700	20,944	-
LENS TECHNOLOGY CO LTD A SHRS ORD CNY1	28,039	858,274	0.11
LEPU MEDICAL TECHNOLOGY A SHRS CNY1	304,418	8,274,081	1.03
LEYARD OPTOELECTRONIC CO L A SHRS ORD CNY1	491,500	3,125,940	0.39
LONGSHINE TECHNOLOGY CO LTD ORD CNY1	40,900	597,958	0.07
MAXSCEND MICROELECTRONICS CO LTD ORD CNY1	15,500	8,843,370	1.10
NANJING HANRUI COBALT CO LTD A SHS ORD CNY1	40,203	3,815,667	0.48
NSFOCUS INFORMATION TECHNO ORD CNY1	12,300	187,944	0.02
OURPALM CO LTD ORD CNY1	661,700	3,381,287	0.42
OVCTEK CHINA INC ORD CNY1	4,950	405,504	0.05
PHARMARON BEIJING CO LTD ORD CNY1	8,400	1,011,360	0.13
QINGDAO TGOOD ELECTRIC A ORD CNY1	146,628	4,304,998	0.54
SAI MICRO ELECTRONICS INC ORD CNY1	84,200	2,005,644	0.25
SANGFOR TECHNOLOGIES INC A SHRS ORD CNY1	3,800	942,438	0.12
SG MICRO CORP ORD CNY1	23,750	6,265,250	0.78
SHANDONG SINOCERA FUNCTION MATERIAL CO LTD A SHR NPV	194,275	8,763,745	1.09
SHANGHAI GANGLIAN E-COMMERCE HOLDINGS CO LTD A SHRS ORD CNY1	18,460	1,210,976	0.15
SHANGHAI WANGSU SCIENCE & TECHNOLOGY CO LTD A SHARE ORD CNY1	255,500	1,760,395	0.22

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INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 31 December 2020

	Holdings	Fair value RMB	% of net assets
Investments and derivative financial instruments (100.05%)			
(Continued)			
Investments (61.72%) (Continued)			
Listed equities (61.72%) (Continued)			
China (61.72%) (Continued)			
SHENZHEN CAPCHEM TECHNOLOGY CO LTD ORD CNY1	67,600	6,854,640	0.86
SHENZHEN EVENWIN PRECISION TECH CO LTD CL A ORD CNY1	147,500	3,635,875	0.45
SHENZHEN INOVANCE TECHNOLOGY CO LTD A SHR ORD CNY1	291,625	27,208,612	3.40
SHENZHEN KANGTAI BIOLOGICAL PRODUCTS CO LTD A SHS ORD CNY1	38,984	6,802,708	0.85
SHENZHEN MINDRAY BIO MEDICAL ELECTRONICS CO LTD A SHS ORD CNY1	28,669	12,212,994	1.53
SHENZHEN SC NEW ENERGY TECHNOLOGY CORP ORD CNY1	403	58,677	0.01
SHENZHEN SUNWAY COMMUNICATION CO LTD ORD CNY1	100,812	3,617,135	0.45
SHENZHEN YINGHE TECHNOLOGY CO LTD ORD CNY1	45,600	1,370,280	0.17
SIASUN ROBOT & AUTOMATION CO LTD A SHR ORD CNY1	308,830	3,798,609	0.47
SICHUAN MAKER BIOTECHNOLOGY CO LTD A SHRS ORD NPV	45,400	2,115,640	0.26
SINOCARE INC A SHRS ORD NPV	79,400	2,842,520	0.36
SONGCHENG PERFORMANCE DEVELOPMENT CO LTD A SHRS ORD CNY1	389,273	6,897,918	0.86
SONOSCAPE MEDICAL CORP ORD CNY1.0	3,600	93,096	0.01
SUNGROW POWER SUPPLY CO LTD CL A ORD CNY1	5,100	368,628	0.05
SUNWODA ELECTRONIC CO LTD A SHR ORD CNY1	260,174	7,989,944	1.00
THREE SQUIRRELS INC ORD CNY1	19,440	798,790	0.10
THUNDER SOFTWARE TECHNOLOGY GO LTD ORD CNY1	36,080	4,221,360	0.53
TIANJIN CHASE SUN PHARMACEUTICAL CO LTD A SHRS ORD CNY1	11,100	50,838	0.01
VICTORY GIANT TECHNOLOGY (HUIZHOU) CO LTD A SHS ORD CNY1	200	4,314	-
WALVAX BIOTECHNOLOGY CO LTD SHS A ORD CNY1	5,746	221,566	0.03
WEIHAI GUANGWEI COMPOSITES CO LTD A SHRS ORD CNY1	35,400	3,152,370	0.39
WENS FOODSTUFF GROUP CO LTD A SHRS ORD CNY1	1,272,311	23,194,230	2.90
WINNING HEALTH TECHNOLOGY GROUP CO LTD SHS A ORD CNY1	444,745	7,783,037	0.97
WUHAN JINGCE ELECTRONIC GROUP LTD ORD CNY1	19,100	1,049,354	0.13
WUHAN RAYCUS FIBER LASER TECHNOLOGI ES CO LTD ORD CNY1 A	100	8,786	-
WUHU TOKEN SCIENCE CO LTD A SHR ORD CNY1	261,300	2,322,957	0.29
WUXI LEAD INTELLIGENT EQUIPMENT CO LTD A SHS ORD NPV	7,533	632,697	0.08

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INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 31 December 2020

	Holdings	Fair value RMB	% of net assets
Investments and derivative financial instruments (100.05%) (Continued)			
Investments (61.72%) (Continued)			
Listed equities (61.72%) (Continued)			
China (61.72%) (Continued)			
XIAMEN MEIYA PICO INFORMATION COMPANY LIMITED ORD CNY1 A SHARES	53,960	1,162,298	0.15
XI'AN TRIANGLE DEFENSE CO LTD ORD CNY1	5,283	208,256	0.03
YEALINK NETWORK TECHNOLOGY CORP LTD A SHRS ORD CNY1	32,273	2,359,802	0.29
YIHAI KERRY ARAWANA HOLDINGS CO LTD ORD CNY1	98,200	10,637,024	1.33
YUSYS TECHNOLOGIES CO LTD ORD CNY1	31,400	1,065,402	0.13
ZHEJIANG HUACE FILM & TV CO LTD A SHS ORD CNY1	135,300	836,154	0.10
ZHEJIANG JINGSHENG MECHANICAL & ELECTRICAL CO LTD A SHRS ORD CNY1	4,100	123,328	0.02
ZHEJIANG MERIT INTERACTIVE NETWORK TECHNOLOGY CO LTD ORD CNY1	300	4,947	-
ZHEJIANG WOLWO BIO PHARMACEUTICAL CO LTD ORD NPV	33,510	2,570,217	0.32
ZHONGJI INNOLIGHT CO LTD A SHS ORD CNY1	57,825	2,940,979	0.37
Total listed equity shares		<u>494,092,889</u>	<u>61.72</u>

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INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 31 December 2020

	Holdings	Fair value RMB	% of net assets
Investments and derivative financial instruments (100.05%)			
(Continued)			
Derivative financial instruments (38.33%)			
Unlisted funded total return swaps (38.33 %)			
ANHUI ANKE BIOTECHNOLOGY G-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	124,400	1,826,192	0.23
BEIJING EASPRING MATERIAL-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	47,000	3,047,950	0.38
BEIJING E-HUALU INFO TECH-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	104,160	3,192,504	0.40
BEIJING ENLIGHT MEDIA CO L-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	144,300	1,741,701	0.22
BEIJING JETSEN TECHNOLOGY-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	494,200	1,596,266	0.20
BEIJING KUNLUN TECH CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	143,700	2,866,815	0.36
BEIJING ORIGINWATER TECHNO-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	446,300	3,414,195	0.43
BEIJING SANJU ENVIRONMENTA-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	167,800	953,104	0.12
BEIJING SINNET TECHNOLOGY-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	144,900	2,487,933	0.31
BETTA PHARMACEUTICALS CO L-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	55,500	5,959,035	0.74
BGI GENOMICS CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	47,200	6,068,032	0.76
BLUEFOCUS INTELLIGENT COMM-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	510,100	3,060,600	0.38
BOYA BIO-PHARMACEUTICAL GR-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	65,500	2,196,870	0.27
B-SOFT CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	189,400	2,562,582	0.32
CHANGSHA JINGJIA MICROELEC-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	30,300	2,118,273	0.26
CHONGQING ZHIFEI BIOLOGICA-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	154,600	22,866,886	2.86
DIAN DIAGNOSTICS GROUP CO-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	59,600	2,043,088	0.26
EVE ENERGY CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	260,896	21,263,024	2.66
GUANGDONG SOUTH NEW MEDIA -A (UNLISTED FUNDED TOTAL RETURN SWAPS)	28,700	2,017,610	0.25
GUANGZHOU SHANGPIN HOME CO-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	9,800	780,668	0.10
GUANGZHOU WONFO BIOTECH C-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	23,200	2,069,672	0.26
HAINAN POLY PHARM CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	59,249	2,481,941	0.31

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INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 31 December 2020

	Holdings	Fair value RMB	% of net assets
Investments and derivative financial instruments (100.05%) (Continued)			
Derivative financial instruments (38.33%) (Continued)			
Unlisted funded total return swaps (38.33%) (Continued)			
HANGZHOU DPTECH TECHNOLOGI-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	11,900	433,041	0.05
HANGZHOU SHUNWANG TECH-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	57,900	992,985	0.12
HITHINK ROYALFLUSH INFORMA-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	28,400	3,521,032	0.44
HUABAO FLAVOURS & FRAGRANC-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	16,900	927,303	0.12
HUAFON MICROFIBRE SHANGHAI-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	233,900	1,382,349	0.17
INGENIC SEMICONDUCTOR CO -A (UNLISTED FUNDED TOTAL RETURN SWAPS)	16,400	1,500,436	0.19
JIANGSU LIHUA ANIMAL HUSBA-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	13,700	424,974	0.05
JL MAG RARE-EARTH CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	22,100	803,114	0.10
KONFOONG MATERIALS INTERNA-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	27,700	1,371,427	0.17
LAKALA PAYMENT CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	105,300	3,150,576	0.39
LENS TECHNOLOGY CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	324,000	9,917,640	1.24
LONGSHINE TECHNOLOGY CO LT-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	61,100	893,282	0.11
MANGO EXCELLENT MEDIA CO L-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	153,400	11,121,500	1.39
MAXSCEND MICROELECTRONICS -A (UNLISTED FUNDED TOTAL RETURN SWAPS)	10,000	5,705,400	0.71
NSFOCUS INFORMATION TECHNO-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	127,600	1,949,728	0.24
OVCTEK CHINA INC-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	74,650	6,115,328	0.76
PHARMARON BEIJING CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	45,900	5,526,360	0.69
SANGFOR TECHNOLOGIES INC-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	44,900	11,135,649	1.39
SHANGHAI GANGLIAN E-COMMER-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	19,600	1,285,760	0.16
SHENZHEN KANGTAI BIOLOGICA-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	39,300	6,857,850	0.86
SHENZHEN MINDRAY BIO-MEDIC-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	79,800	33,994,800	4.25

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

INVESTMENT PORTFOLIO (Unaudited) (Continued)

As at 31 December 2020

	Holdings	Fair value RMB	% of net assets
Investments and derivative financial instruments (100.05%) (Continued)			
Derivative financial instruments (38.33%) (Continued)			
Unlisted funded total return swaps (38.33%) (Continued)			
SHENZHEN SC NEW ENERGY TEC-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	41,300	6,013,280	0.75
SHENZHEN SUNWAY COMMUNICAT-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	112,700	4,043,676	0.50
SHENZHEN YINGHE TECHNOLOGY-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	47,800	1,436,390	0.18
SICHUAN MAKER BIOTECHNOLOG-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	48,100	2,241,460	0.28
SONOSCAPE MEDICAL CORP-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	46,100	1,192,146	0.15
SUNGROW POWER SUPPLY CO LT-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	242,400	17,520,672	2.19
THUNDER SOFTWARE TECHNOLOG-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	36,200	4,235,400	0.53
TIANJIN CHASE SUN PHARM-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	451,900	2,069,702	0.26
VICTORY GIANT TECHNOLOGY -A (UNLISTED FUNDED TOTAL RETURN SWAPS)	117,700	2,538,789	0.32
WALVAX BIOTECHNOLOGY CO-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	404,100	15,582,096	1.95
WANGSU SCIENCE & TECHNOLOG-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	264,600	1,823,094	0.23
WEIHAI GUANGWEI COMPOSITES-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	37,400	3,330,470	0.42
WUHAN JINGCE ELECTRONIC GR-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	20,400	1,120,776	0.14
WUHAN RAYCUS FIBER LASER T-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	34,300	3,013,598	0.38
WUHU TOKEN SCIENCE CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	273,700	2,433,193	0.30
WUXI LEAD INTELLIGENT EQUI-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	145,300	12,203,747	1.52
XIAMEN MEIYA PICO INFORMAT-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	61,300	1,320,402	0.16
XI'AN TRIANGLE DEFENSE CO -A (UNLISTED FUNDED TOTAL RETURN SWAPS)	64,100	2,526,822	0.32
YEALINK NETWORK TECHNOLOGY-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	35,800	2,617,696	0.33
YUSYS TECHNOLOGIES CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	31,400	1,065,402	0.13
ZHEJIANG HUACE FILM & TV-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	143,100	884,358	0.11

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

INVESTMENT PORTFOLIO (Unaudited) (Continued)
As at 31 December 2020

	Holdings	Fair value RMB	% of net assets
Investments and derivative financial instruments (100.05%) (Continued)			
Derivative financial instruments (38.33%) (Continued)			
Unlisted funded total return swaps (38.33%) (Continued)			
ZHEJIANG JINGSHENG MECHANI-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	152,200	4,578,176	0.57
ZHEJIANG MERIT INTERACTIVE-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	64,800	1,068,552	0.13
ZHEJIANG WOLWO BIO-PHARMAC-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	35,600	2,730,520	0.34
ZHONGJI INNOLIGHT CO LTD-A (UNLISTED FUNDED TOTAL RETURN SWAPS)	72,400	3,682,264	0.46
Total unlisted funded total return swaps		<u>306,898,156</u>	<u>38.33</u>
Total investments and derivative financial instruments		800,991,045	100.05
Other net liabilities		(402,643)	(0.05)
Net assets attributable to unitholders at 31 December 2020		<u>800,588,402</u>	<u>100.00</u>
Total investments and derivative financial instruments , at cost		<u>659,756,746</u>	

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)

For the year ended 31 December 2020

	% of net asset value 2020	% of net asset value 2019
Listed equities and unlisted funded total return swap* – by industry		
Basic Materials	4.44	4.15
Consumer Goods	21.92	20.13
Consumer Services	4.58	11.11
Financials	6.78	-
Health Care	29.81	25.99
Industrials	15.63	19.49
Oil & Gas	2.23	0.64
Technology	14.66	18.19
	<hr/>	<hr/>
Total investments and derivative financial instruments	100.05	99.70
Other net (liabilities)/assets	(0.05)	0.30
	<hr/>	<hr/>
Total net assets	100.00	100.00
	<hr/> <hr/>	<hr/> <hr/>

*The data of Unlisted Funded Total Return Swaps represent their underlying asset

CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)

DETAILS IN RESPECT OF FINANCIAL DERIVATIVE INSTRUMENTS (Unaudited)

As at 31 December 2020

As at 31 December 2020, the Sub-Fund held Unlisted Funded Total Return Swaps as shown details in investment portfolio. The counterparty of the Swaps was JP Morgan Securities PLC, London.

HOLDINGS OF COLLATERAL (Unaudited)

As at 31 December 2020

Collateral provider	Nature of the collateral	Credit rating	Rating agencies	Maturity tenor	Currency denomination	% of net asset value covered by collateral	Value of the collateral RMB
JP Morgan Securities PLC, London	Government bond	A1	Moody's	1-Jun-21	USD	3.00%	24,023,849
JP Morgan Securities PLC, London	Government bond	A1	Moody's	1-Aug-21	USD	4.40%	35,226,525
JP Morgan Securities PLC, London	Government bond	A1	Moody's	20-Sep-21	USD	15.17%	121,443,370
JP Morgan Securities PLC, London	Government bond	A1	Moody's	20-Sep-21	USD	15.15%	121,323,292
						37.72%	302,017,036

Custody/safe-keeping arrangement

	Amount of collateral received/held 31 December 2020 RMB	Proportion of collateral posted by the Sub-Fund 31 December 2020
Custodians of collateral securities		
Pooled accounts		
The Hongkong and Shanghai Banking Corporation Limited, Hong Kong	302,017,036	100.00

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

**INFORMATION ON EXPOSURE ARISING FROM FINANCIAL DERIVATIVE INSTRUMENTS
(UNAUDITED)**

As at 31 December 2020

The lowest, highest and average gross exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2020 and 31 December 2019.

	2020	2019
	% of NAV	% of NAV
Lowest gross exposure	1.21	-
Highest gross exposure	46.83	-
Average gross exposure	36.68	-

The lowest, highest and average net exposure arising from the use of financial derivative instruments for any purpose as a proportion to the Fund's total net asset value for the year ended 31 December 2020 and 31 December 2019.

	2020	2019
	% of NAV	% of NAV
Lowest gross exposure	1.21	-
Highest gross exposure	46.83	-
Average gross exposure	36.68	-

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

PERFORMANCE RECORD (Unaudited)

Net asset value

	Dealing net asset value of the Sub-Fund* <i>RMB</i>	Dealing net asset value per unit <i>RMB</i>
At the end of financial year dated		
31 December 2020	800,588,402	10.5064
31 December 2019	437,042,006	6.4177
31 December 2018	226,557,167	4.4952

Highest and lowest net asset value per unit

	Highest net asset value per unit <i>RMB</i>	Lowest net asset value per unit <i>RMB</i>
Financial year/period ended		
31 December 2020	10.5064	6.3972
31 December 2019	6.4341	4.3661
31 December 2018	6.7968	4.3472
31 December 2017	7.4020	6.1254
31 December 2016	9.3382	7.0438
31 December 2015 (Since 13 May 2015 (date of inception))	15.0190	6.7295

**The dealing net asset value of the Sub-Fund disclosed is calculated in accordance with the Trust's Prospectus.*

**CSOP SZSE CHINEXT ETF
(A SUB-FUND OF CSOP ETF SERIES)**

MANAGEMENT AND ADMINISTRATION

Manager and RQFII Holder

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

Trustee and Registrar

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

Custodian

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

PRC Custodian

HSBC Bank (China) Company Limited
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Shanghai ifc, 8 Century Avenue,
Pudong, Shanghai, China 200120

Service Agent

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Central, Hong Kong

Directors of the Manager

Chen Ding
Gaobo Zhang
Xiaosong Yang
Xiuyan Liu
Yi Zhou
Zhiwei Liu
Zhongping Cai

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