



CSOP ETF SERIES* (*This includes synthetic ETFs)
(An umbrella unit trust established in Hong Kong)

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
Stock Codes: 3193 (HKD counter)
(A sub-fund of CSOP ETF Series* (*This includes synthetic ETFs))

Unaudited Semi-Annual Report
FOR THE PERIOD ENDED 30 JUNE 2023

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))

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**CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))**

REPORT OF THE MANAGER TO THE UNITHOLDERS

Introduction

The CSOP Yinhua CSI 5G Communications Theme ETF (the “CSOP 5G ETF”), a sub-fund of the CSOP ETF Series* (*This includes synthetic ETFs), is a unit trust authorised under the Securities and Futures Ordinance (Cap. 571) of Hong Kong. It was launched on 22 October 2020 and commenced trading in HKD under the stock code 3193 on The Stock Exchange of Hong Kong Limited (the “SEHK”) on 23 October 2020. The CSOP 5G ETF is a feeder fund and a passively managed index tracking exchange traded fund (“ETF”) which is benchmarked against the CSI 5G Communication Index. The Manager and QFI Holder of the CSOP 5G ETF is CSOP Asset Management Limited (the “Manager”). The trustee is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”).

The CSOP 5G ETF is a feeder ETF that invests at least 90% of its NAV in the Yinhua CSI 5G Communication ETF (the “Master ETF”), which is listed on the Shenzhen Stock Exchange (“SZSE”) of the PRC mainland, through the Qualified Foreign Investor (“QFI”) status of the Manager and/or the Stock Connect.

The CSI 5G Communication Index (the “Index”) is compiled and published by China Securities Index Co., Ltd. It comprises of China A Share stocks which are related to 5G communication technology, including but not limited to telecommunications service, communication device, computer and electronic equipment, computer application and other sub-industries. The Index operates under clearly defined rules published by the index provider and is a tradable index.

Fund Performance

The CSOP Yinhua CSI 5G Communications Theme ETF seeks to provide investment results, before fees and expenses, which closely correspond to the performance of the Index. As of 30 June 2023, the dealing net asset value (“NAV”) per unit of the CSOP Yinhua CSI 5G Communications Theme ETF was RMB5.7038 and there were 1,800,000 units outstanding. The total asset under management was approximately RMB10.3 million.

As of 30 June 2023, the dealing NAV performed 31.33% while the Index performed 34.60%. The difference in performance between the NAV of the CSOP Yinhua CSI 5G Communications Theme ETF and the Index is mainly attributed to dividends, fees and expenses including tax on dividends and distributions to unitholders.

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
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CONDENSED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	<i>Notes</i>	30 June 2023 (Unaudited) <i>RMB</i>	31 December 2022 (Audited) <i>RMB</i>
ASSETS			
NON-CURRENT ASSETS			
Deposit reserve	7(c)	3,947	5,438
CURRENT ASSETS			
Investments	7(c),9(a),9(d)	9,969,527	7,522,720
Interest receivable from bank deposits		1	4
Other receivables		316,668	232,363
Cash and cash equivalents	7(c)	6,870	60,035
		<u>10,293,066</u>	<u>7,815,122</u>
Total assets		<u>10,297,013</u>	<u>7,820,560</u>
LIABILITIES			
CURRENT LIABILITIES			
Management fee payable	7(a).7(b)	73,815	31,926
License fee payable		92,279	124,329
Other accounts payable		86,610	118,909
		<u>252,704</u>	<u>275,164</u>
Total liabilities		<u>252,704</u>	<u>275,164</u>
EQUITY			
Net assets attributable to unitholders	4	<u>10,044,309</u>	<u>7,545,396</u>

Note: Interim reports have applied the same accounting policies and methods of computation as are applied in the annual reports of the Fund.

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

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2023

		Period from 1 January 2023 to 30 June 2023 (Unaudited) RMB	Period from 1 January 2022 to 30 June 2022 (Unaudited) RMB
INCOME			
Interest income from bank deposits	7(c)	40	71
Net gain/(loss) on investments	5	2,584,508	(3,197,035)
Reimbursement from Manager		84,305	118,967
Total net gain/(loss)		<u>2,668,853</u>	<u>(3,077,997)</u>
EXPENSES			
Management fee	7(a),7(b)	(44,308)	(47,986)
Transaction costs on investments		(118)	(70)
Audit fee		(7,239)	(5,100)
Bank charges	7(d)	(196)	(162)
License fee		(27,950)	(27,950)
Other operating expenses	7(d)	(90,125)	(88,676)
Total operating expenses		<u>(169,936)</u>	<u>(169,944)</u>
Operating gain/(loss)		<u>2,498,917</u>	<u>(3,247,941)</u>
Taxation	6	(4)	(7)
Total comprehensive gain/(loss)		<u><u>2,498,913</u></u>	<u><u>(3,247,948)</u></u>

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

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))

CONDENSED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
For the period ended 30 June 2023

	<i>Notes</i>	Period from 1 January 2023 to 30 June 2023 (Unaudited) <i>RMB</i>	Period from 1 January 2022 to 30 June 2022 (Unaudited) <i>RMB</i>
Net assets attributable to unitholders at the beginning of the period		7,545,396	12,298,937
Proceeds on issue of units	4	-	-
Payments on redemption of units	4	-	-
Net increase from unit transactions		-	-
Total comprehensive gain/(loss) for the period		2,498,913	(3,247,948)
Net assets attributable to unitholders at the end of the period		10,044,309	9,050,989

The movements of the redeemable units for the periods ended 30 June 2023 and 2022 is as follows:

	Period from 1 January 2023 to 30 June 2023 (Unaudited) <i>RMB</i>	Period from 1 January 2022 to 30 June 2022 (Unaudited) <i>Units</i>
Number of units in issue at the beginning of the period	1,800,000	1,800,000
Units issued	-	-
Units redeemed	-	-
Number of units in issue at the end of the period	1,800,000	1,800,000

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

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
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CONDENSED STATEMENT OF CASH FLOWS

For the period ended 30 June 2023

	Period from 1 January 2023 to 30 June 2023 (Unaudited) <i>RMB</i>	Period from 1 January 2022 to 30 June 2022 (Unaudited) <i>RMB</i>
OPERATING ACTIVITIES		
Payments for purchase of investments	-	(270,481)
Proceeds from sale of investments	137,701	83,574
Interest income from bank deposits received	39	78
Reimbursements paid to manager	-	(1)
Management fee paid	(2,419)	(14,445)
Transaction costs paid	(118)	(70)
Other operating expenses paid	(189,859)	(90,145)
Deposit reserve received	1,491	944
Net cash used in operating activities	<u>(53,165)</u>	<u>(290,546)</u>
Net decrease in cash and cash equivalents	(53,165)	(290,546)
Cash and cash equivalents at the beginning of the period	60,035	297,095
Cash and cash equivalents at the end of the period	<u><u>6,870</u></u>	<u><u>6,549</u></u>
Analysis of balances of cash and cash equivalents		
Bank balances	<u><u>6,870</u></u>	<u><u>6,549</u></u>

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

**CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))**

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CSOP ETF Series* (*This includes synthetic ETFs) (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 30 June 2023, the Trust has ten sub-funds which are CSOP Yinhua CSI 5G Communications Theme ETF (the “Sub-Fund”), CSOP FTSE China A50 ETF, CSOP SZSE ChiNext ETF* (*This is a synthetic 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* (*This is a synthetic ETF), CSOP Hang Seng TECH Index ETF, CSOP Bitcoin Futures ETF and CSOP Ether Futures ETF. The date of inception of the Sub-Fund was 21 October 2020. 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 CSI 5G Communication Index (the “Underlying Index”). The Sub-Fund is a feeder fund which in seeking to achieve its investment objective, prior to 5 September 2022, the Sub-Fund invested at least 90% of its net asset value in the Yinhua CSI 5G Communication ETF (the “Master ETF”) via the Qualified Foreign Investors (“QFI”) status granted to the Manager. With effect from 5 September 2022, the Sub-Fund will invest at least 90% of its net asset value in the Master ETF via the QFI status granted to the Manager and/or the Stock Connect (including the eligible ETFs for Northbound trading).

Investment in units of the Master ETF by the Sub-Fund will be made via the secondary market (i.e. through the Shenzhen Stock Exchange (“SZSE”). The Master ETF is an exchange traded fund listed on the Shenzhen Stock Exchange that tracks the performance of the Underlying Index. The Master ETF is authorised by the Commission for the sole purpose of being master fund of the Sub-Fund and will not be directly offered to the public in Hong Kong.

The Sub-Fund has been using CSI 5G Communication Index as its underlying index.

The Sub-Fund being a feeder fund, invests directly in the Master ETF through the QFI status of the Manager. The Manager has obtained QFI status in the People's Republic of China (“PRC”). Under current regulations in the PRC, generally foreign investors can invest in the domestic securities and/or futures market through (i) certain foreign institutional investors that have obtained status as a QFI from the China Securities Regulatory Commission (“CSRC”) to remit foreign freely convertible currencies and Renminbi (“RMB”) into the PRC for the purpose of investing in the PRC’s domestic securities and/or futures markets, or (ii) the Stock Connect Program.

These condensed semi-annual financial statements are prepared for the Sub-Fund only. The condensed financial statements for CSOP FTSE China A50 ETF, CSOP SZSE ChiNext ETF* (*This is a synthetic 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* (*This is a synthetic ETF), CSOP Hang Seng TECH Index ETF have been prepared separately. CSOP Bitcoin Futures ETF and CSOP Ether Futures ETF were inceptioned on 14 December 2022 and the condensed semi-annual financial statements for the period from 14 December 2022 (date of inception) to 30 June 2023 have been prepared separately.

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(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))**

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These condensed semi-annual financial statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”. The condensed semi-annual financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in the annual financial statements.

Standards and amendments to existing standards effective 1 January 2023

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on 1 January 2023 that have a material effect on the financial statements of the Sub-Fund.

New standards and amendments to standards effective after 1 January 2023 that are relevant to the Sub-Fund but are not yet effective and have not been early adopted by the Sub-Fund

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2023, 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.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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 might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

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 condensed statement of financial position. Subscriptions and redemptions of units during the period are shown in the condensed 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.

Redeemable units of the Sub-Fund are classified as equity 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.

	Period from 1 January 2023 to 30 June 2023 (Unaudited) <i>Units</i>	Period from 1 January 2022 to 30 June 2022 (Unaudited) <i>Units</i>
Number of units in issue at the end of the period	1,800,000	1,800,000
	As at 30 June 2023 (Unaudited) <i>RMB</i>	As at 31 December 2022 (Audited) <i>RMB</i>
Net assets attributable to unitholders per unit (per statement of financial position)	5.5802	4.1919

Establishment costs are expensed as incurred. However, in accordance with the provisions of the Trust’s Prospectus, establishment cost is recognized using the amortization method. As at 30 June 2023, the expensing of establishment costs as stated in the financial statements resulted in a decrease of RMB222,522 (31 December 2022: RMB 270,187) of net assets attributable to unitholders when compared with the methodology indicated in the Trust’s Prospectus.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

	As at 30 June 2023 (Unaudited) <i>RMB</i>	As at 31 December 2022 (Audited) <i>RMB</i>
Net assets attributable to unitholders as reported in the statement of financial position	10,044,309	7,545,396
Adjustments for unamortised establishment costs	222,522	270,187
	<hr/>	<hr/>
Net asset value in accordance with the Trust's Prospectus	<u>10,266,831</u>	<u>7,815,583</u>

5. NET GAIN/(LOSS) ON INVESTMENTS

	Period from 1 January 2023 to 30 June 2023 (Unaudited) <i>RMB</i>	Period from 1 January 2022 to 30 June 2022 (Unaudited) <i>RMB</i>
Net fair value change in unrealised gain/(loss) in value of investments	2,569,030	(3,167,755)
Net realised gain/(loss) on sale of investments	15,478	(29,280)
	<hr/>	<hr/>
	<u>2,584,508</u>	<u>(3,197,035)</u>

6. TAXATION

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

PRC tax

The Sub-Fund invests at least 90% of its Net Asset Value in Yinhua CSI 5G Communication ETF (the "Master ETF"), an exchange traded fund listed on the Shenzhen Stock Exchange.

At least 90% of the net asset value of the Master ETF is invested in accordance with the constituents and their respective weights in the Underlying Index, and alternative constituents of the Master ETF, which is regarded as a "full replication" strategy.

The taxation of the Sub-Fund for the periods ended 30 June 2023 and 2022 represents:

	Period from 1 January 2023 to 30 June 2023 (Unaudited) <i>RMB</i>	Period from 1 January 2022 to 30 June 2022 (Unaudited) <i>RMB</i>
Withholding tax on interest income	4	7
	<hr/>	<hr/>
Taxation	<u>4</u>	<u>7</u>

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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 period between the Sub-Fund and its related parties including the Trustee/Custodian, the Manager and their Connected Persons. Connected Persons 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 periods ended 30 June 2023 and 2022, between the Sub-Fund 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 except for those disclosed below.

(a) Management fee

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

(b) Trustee fee and Registrar’s fee

The management fee is inclusive of the Trustee’s and Registrar’s fee and the Manager will pay the fees of the Trustee and the Registrar out of the management fee.

The Trustee fee is inclusive of fees payable to The Hongkong and Shanghai Banking Corporation Limited (the “Custodian”) and HSBC Bank (China) Company Limited (the “PRC Custodian”).

The Trustee 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 UNAUDITED CONDENSED 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:

	As at 30 June 2023 (Unaudited) <i>RMB</i>	As at 31 December 2022 (Audited) <i>RMB</i>
Investments		
The Hongkong and Shanghai Banking Corporation Limited	7,994,102	6,055,776
HSBC Bank (China) Company Limited	1,975,425	1,466,944
	<u>9,969,527</u>	<u>7,522,720</u>
Cash and cash equivalents		
The Hongkong and Shanghai Banking Corporation Limited	6,557	52,747
HSBC Bank (China) Company Limited	313	7,288
	<u>6,870</u>	<u>60,035</u>
Deposit reserve		
HSBC Bank (China) Company Limited	3,947	5,438
	<u>3,947</u>	<u>5,438</u>

Interest income amounting to RMB40 (for the period ended 30 June 2022: RMB71) was earned on these bank balances for the period ended 30 June 2023.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

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

(d) 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 period ended 30 June 2023 and 2022 were as follows:

	Period from 1 January 2023 to 30 June 2023 (Unaudited) <i>RMB</i>	Period from 1 January 2022 to 30 June 2022 (Unaudited) <i>RMB</i>
Bank charges	196	162
Other operating expenses	35,511	37,806

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 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 CSI 5G Communication Index. The Sub-Fund's activities may expose it to a variety of risks including but not limited to: market risk (including market price risk, interest rate risk and currency risk), credit and counterparty risk and liquidity risk which are associated with the markets in which the Sub-Fund invests.

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

(a) Market risk

(i) Market price risk

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

The Sub-Fund is designated to track the performance of the CSI 5G Communication Index by investing into the Master ETF, therefore the exposures to market risk in the Sub-Fund will be substantially the same as the tracked index.

As at 30 June 2023 and 31 December 2022, the investments were concentrated in the following industries:

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Market price risk (Continued)

	30 June 2023 (Unaudited)		31 December 2022 (Audited)	
	Fair value RMB	% of net asset value	Fair value RMB	% of net asset value
Listed investment fund in PRC – by industry				
Telecommunications	9,969,527	99.26	7,522,720	99.70
	<u>9,969,527</u>	<u>99.26</u>	<u>7,522,720</u>	<u>99.70</u>
	<u><u>9,969,527</u></u>	<u><u>99.26</u></u>	<u><u>7,522,720</u></u>	<u><u>99.70</u></u>

The Sub-Fund is a feeder fund which invests directly in the Master ETF. The Sub-Fund is therefore exposed to substantially the same market price risk as the CSI 5G Communication Index.

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

As at 30 June 2023 and 31 December 2022, if the CSI 5G Communication Index were to increase by 30% (31 December 2022: increase by 30%) with all other variables held constant, this would increase the operating profit for the period by approximately RMB2,990,858 (31 December 2022: RMB2,125,948). Conversely, if the CSI 5G Communication Index were to decrease by 30% (31 December 2022: decrease by 30%), this would decrease the operating profit for the period by an equal amount.

(ii) Interest rate risk

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

The Sub-Fund

The Sub-Fund is a feeder fund investing substantially all of its assets in the Master Fund and thus its investment is not directly exposed to interest rate risk. As at 30 June 2023 and 31 December 2022, interest rate risk arises only from bank balances.

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

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Currency risk

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

(b) Credit and counterparty risk

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

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

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

As at 30 June 2023, the Sub-Fund placed bank balances of RMB6,557 (31 December 2022: RMB52,747) and investments of RMB7,994,102 (31 December 2022: RMB6,055,776) with The Hongkong and Shanghai Banking Corporation Limited ("HSBC"), which is the custodian of the Sub-Fund. As at 30 June 2023 and 31 December 2022, the credit ratings of the Sub-Fund's custodian are at or above investment grade.

As at 30 June 2023, the Sub-Fund placed bank balances of RMB313 (31 December 2022: RMB7,288), deposit reserve of RMB3,947 (31 December 2022: RMB5,438) and investments of RMB1,975,424 (31 December 2022: RMB1,466,944) with HSBC Bank (China) Company Limited ("HSBC China"), which is the PRC custodian of the Sub-Fund. As at 30 June 2023 and 31 December 2022, the credit ratings of the Sub-Fund's PRC custodian and the counterparties are at or above investment grade.

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 30 June 2023 and 31 December 2022, deposit reserve, interest receivable from bank deposits and cash and cash equivalents 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 30 June 2023 and 31 December 2022 is the carrying amount of the financial assets as shown on the condensed statement of financial position.

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))

NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

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

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

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

	Less than 1 month <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 30 June 2023				
Management fee payable	73,815	-	-	73,815
License fee payable	-	-	92,279	92,279
Other accounts payable	210	4,491	81,909	86,610
Contractual cash outflow	<u>74,025</u>	<u>4,491</u>	<u>174,188</u>	<u>252,704</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 2022				
Management fee payable	31,926	-	-	31,926
License fee payable	-	-	124,329	124,329
Other accounts payable	1,540	-	117,369	118,909
Contractual cash outflow	<u>33,466</u>	<u>-</u>	<u>241,698</u>	<u>275,164</u>

Units are redeemed on demand at the unitholder's option. As at 30 June 2023, there were two (31 December 2022: two) nominee accounts holding more than 10% of the Sub-Fund.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

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 30 June 2023				
Total assets	9,976,397	316,669	3,947	10,297,013
	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 2022				
Total assets	7,582,755	232,367	5,438	7,820,560

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NOTES TO THE UNAUDITED CONDENSED 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.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets (by class) measured at fair value at 30 June 2023 and 31 December 2022:

	Level 1 <i>RMB</i>	Level 2 <i>RMB</i>	Level 3 <i>RMB</i>	Total <i>RMB</i>
As at 30 June 2023				
Assets				
Investment				
- Investment funds	9,969,527	-	-	9,969,527
Total assets	9,969,527	-	-	9,969,527
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
As at 31 December 2022				
Assets				
Investment				
- Listed investment funds	7,522,720	-	-	7,522,720
Total assets	7,522,720	-	-	7,522,720
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed investment fund. 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.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or do not trade. As at 30 June 2023 and 31 December 2022, the Sub-Fund did not hold any investments classified in level 3.

As at 30 June 2023 and 31 December 2022, there was no investment held by the Sub-Fund which has been suspended for trading.

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

The assets and liabilities included in the condensed 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.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

9. FINANCIAL RISK MANAGEMENT (Continued)

(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.

10. DISTRIBUTION

There was no distribution during the periods ended 30 June 2023 and 2022.

11. FINANCIAL INSTRUMENTS BY CATEGORY

As of 30 June 2023 and 31 December 2022, other than investments as disclosed in the financial statements which are classified as financial assets at fair value through profit or loss, all financial assets including deposit reserve, interest receivable from bank deposits, other receivables and cash and cash equivalents are categorised as per HKFRS9 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

Pursuant to the Chapter 8.6(h)(a) of the SFC Code, the Manager is permitted to overweight the holdings of the Sub-Funds relative to their respective weightings in the underlying index, on the condition that the maximum extra weighting in any constituent securities will not exceed the maximum limit reasonably determined by the Sub-Funds and after consultation with the SFC. The maximum limit for each of the Sub-Funds has been disclosed in their respective prospectus.

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).

No more than 10% of the net asset value of the Sub-Fund may be invested in collective investment scheme(s) other than the Master ETF which may be eligible schemes (as defined by the SFC) or authorised by the SFC, or non-eligible schemes and not authorised by the SFC (including exchange traded funds listed on stock exchanges in Mainland China) in accordance with all the applicable requirements of the Code. The above investments may be made through the Manager's status as an QFI. Any investments in the above exchange traded funds will be considered and treated as collective investment schemes for the purposes of and subject to the requirements in 7.11, 7.11A and 7.11B of the Code.

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NOTES TO THE UNAUDITED CONDENSED FINANCIAL STATEMENTS

12. INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (Continued)

The Sub-Fund may also invest up to 10% of its net asset value on an ancillary basis in money market instruments, unlisted and listed money market funds, cash and cash equivalents for cash management purposes. For the avoidance of doubt, not more than 10% of the net asset value of the Sub-Fund may be invested in non-eligible schemes which are not authorized by the SFC, including the foregoing money market funds.

The Manager and the Trustee have confirmed that the Sub-Fund has complied with this limit during the period ended 30 June 2023 and the year ended 31 December 2022.

For the period ended 30 June 2023, the CSI 5G Communication Index increased by 34.60% (31 December 2022: decreased by 38.04%) while the net asset value per unit of the Sub-Fund increased by 33.12% (31 December 2022: decreased by 38.65%).

13. SOFT COMMISSION ARRANGEMENT

The Manager has entered into soft commission arrangements since inception 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.

During the year ended 30 June 2023, the Manager obtained services through soft dollar arrangements valued at approximately RMB122,656 (30 June 2022: RMB90,224). Commission which amounted to RMB49 (30 June 2022: RMBNil) 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 through the Master ETF. The objectives of the Sub-Fund are to track the performance of the CSI 5G Communication Index and invest in substantially all the index constituents through the Master ETF 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 condensed statement of financial position and condensed 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 CSI 5G Communication Index, the tracked index, through the Master ETF.

The total of non-current assets of the Sub-Fund located in PRC is RMB3,947 (31 December 2022: RMB5,438). The Sub-Fund has no other assets classified as non-current assets. As at 30 June 2023 and 31 December 2022, the Sub-Fund has invested in the Master ETF and the investment accounts for 99.26% (31 December 2022: 99.70%).

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
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INVESTMENT PORTFOLIO (Unaudited)

As at 30 June 2023

	Holdings	Fair value RMB	% of net assets
Investments (99.26%)			
Listed investment fund (99.26%)			
China (99.26%)			
YINHUA CSI 5G COMMUNICATIONS THEME ETF*	11,354,814	9,969,527	99.26
Total investments		9,969,527	99.26
Other net assets		74,782	0.74
Net assets attributable to unitholders at 30 June 2023		10,044,309	100.00
Total investments, at cost		8,279,905	

*The investments fund is not authorised in Hong Kong and not available to the public in Hong Kong.

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))

STATEMENT OF MOVEMENTS IN INVESTMENT PORTFOLIO (Unaudited)
For the period ended 30 June 2023

	% of net asset value 30 June 2023	% of net asset value 31 December 2022
Listed investment fund – by sector		
Telecommunications	99.26	99.70
Total investments	<u>99.26</u>	<u>99.70</u>
Other net assets	0.74	0.30
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))

PERFORMANCE RECORD (Unaudited)

Net asset value

	Net asset value of the Sub-Fund* <i>RMB</i>	Net asset value per unit <i>RMB</i>
At the end of financial period/year ended		
30 June 2023	10,266,831	5.7038
31 December 2022	7,815,583	4.3420
31 December 2021	12,665,243	7.0362

Highest and lowest net asset value per unit

	Highest issue price per unit <i>RMB</i>	Lowest redemption price per unit <i>RMB</i>
Financial period/year ended		
30 June 2023	5.9801	4.3802
31 December 2022	7.0802	4.0358
31 December 2021 (since 21 October 2020 (date of inception))	7.5700	5.4976

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

CSOP YINHUA CSI 5G COMMUNICATIONS THEME ETF
(A SUB-FUND OF CSOP ETF SERIES* (*This includes synthetic ETFs))

MANAGEMENT AND ADMINISTRATION

Manager and QFI Holder

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