



VALUE CHINA ETF (3046 HK)

SEMI-ANNUAL REPORT 2012

For the six months ended 30 September 2012

Sensible Asset Management Hong Kong Limited

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In the event of inconsistency, the English text of this Semi-Annual Report shall prevail over the Chinese text.

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GENERAL INFORMATION

Investment Manager

Sensible Asset Management Hong Kong Limited
9th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

Sub-investment Manager

Value Partners Hong Kong Limited
9th Floor, Nexxus Building
41 Connaught Road Central
Hong Kong

Directors of the Investment Manager

Mr Chow Wai Chiu William
Mr So Chun Ki Louis

Trustee and Registrar

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

Legal Advisor

Simmons & Simmons
13/F, One Pacific Place
88 Queensway
Hong Kong

Auditor

KPMG
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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate awards		
2012	•	2012 The Asset Triple A Investment Awards Highly Commended ETF House for Hong Kong <i>– The Asset</i>

Value China ETF (3046 HK)		
2010	•	Asian ETFs Awards 2010 – Best New ETF in Asia <i>– Republic Partners Ltd., September 2010</i>

MANAGER'S REPORT

Value China ETF (“the Fund”) is an index-tracking exchange traded fund whose units are listed and traded on the Stock Exchange of Hong Kong Limited. The Fund aims to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Value-Stocks China Index (“the Index”) by holding a portfolio of the constituent stocks of the Index. The Index comprises 25 value stocks amongst Chinese companies’ shares listed in Hong Kong.

As at 30 September 2012, the Net Asset Value (“NAV”) per unit of the Fund was HKD32.47, and 4,800,000 units were outstanding. The total size of the Fund was approximately HKD156 million.

A summary of the performance of the FTSE Value-Stocks China Index is given below.

Total Return in HKD	From 1 Apr to 30 Sep 2012	2012 YTD (as at 30 Sep)	2011	Since inception
FTSE Value-Stocks China Index	-5.8%	1.0%	-15.2%	-1.1%
Value China ETF	-7.4%	3.1%	-16.7%	-6.4%

The difference in performance between the FTSE Value-Stocks China Index and the Value China ETF is mainly attributed to fees and expenses, and security misweightings. The historical tracking error for the NAV of the Fund against the FTSE Value-Stocks China Index was at 34 basis points on an annualized basis since its inception on 10 December 2009.

Sensible Asset Management Hong Kong Limited

20 November 2012

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in HKD, NAV to NAV with dividends reinvested, as at 30 September 2012. Performance data is net of all fees.

Investors should note that investment involve risk. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read the prospectus for details and risk factors in particular those associated with investment in emerging markets and the arrangement in the event that the Fund is de-listed. Investors should also note that the Fund is different from a typical retail investment fund, in particular, units in the Fund may only be created or redeemed directly by a participating dealer in large unit size.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2012 (UNAUDITED)

	30.9.2012 <i>HK\$</i>	31.3.2012 <i>HK\$</i>
Assets		
Financial assets at fair value through profit or loss	154,011,371	195,378,555
Cash and cash equivalents	1,605,047	722,793
Dividend receivable	268,387	–
Prepayment	25,475	46,689
Total assets	<u>155,910,280</u>	<u>196,148,037</u>
Liabilities		
Audit fees payable	81,821	165,000
Manager's fees payable	86,575	117,465
Trustee and registrar fees payable	80,831	83,584
Other payable	97,087	–
Total liabilities	<u>346,314</u>	<u>366,049</u>
Total equity	<u>155,563,966</u>	<u>195,781,988</u>
Represented by:		
Net assets attributable to unitholders (at last traded prices)	155,875,996	196,314,805
Adjustment from last traded prices to bid prices	(312,030)	(532,817)
	<u>155,563,966</u>	<u>195,781,988</u>
Net asset value per unit at last traded prices based on 4,800,000 (31.3.2012: 5,600,000) units outstanding		
	<u>32.47</u>	<u>35.06</u>
	01.4.2012 to 30.9.2012 <i>HK\$</i>	01.4.2011 to 30.9.2011 <i>HK\$</i>
Interim distribution		
(2012: HK\$1.45 per unit based on 4,800,000 units outstanding as at 20 November 2012; 2011: HK\$1.13 per unit based on 6,800,000 units outstanding as at 18 November 2011)	<u>6,960,000</u>	<u>7,684,000</u>

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2012

	Holdings	Fair value HK\$	% of net asset
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
<i>Hong Kong</i>			
Agile Property Holdings Ltd	287,088	2,503,407	1.61
Agricultural Bank of China Ltd – H shares	4,764,768	14,389,599	9.25
Bank of China Ltd – H shares	7,869,936	23,216,311	14.92
Bank of Communications Co Ltd – H shares	2,170,848	11,396,952	7.33
Chaoda Modern Agriculture (Holdings) Ltd	1,338,984	–	0.00
China Citic Bank Corporation Ltd – H shares	2,306,856	8,443,093	5.43
China Coal Energy Co Ltd – H shares	848,736	6,000,563	3.86
China Communications Construction Co Ltd – H shares	915,048	5,728,200	3.68
China Construction Bank Corporation – H shares	4,490,592	24,114,479	15.50
China Everbright Ltd	178,104	1,725,828	1.11
China Merchants Bank Co Ltd – H shares	808,200	10,522,764	6.77
China Minsheng Banking Corporation Ltd – H shares	1,194,168	7,284,425	4.68
Chongqing Rural Commercial Bank Co Ltd – H shares	576,624	1,752,937	1.13
Citic Pacific Ltd	226,080	2,098,022	1.35
Country Garden Holdings Co Ltd	753,528	2,283,190	1.47
Dongfeng Motor Group Company Limited – H shares	534,216	4,829,313	3.10
Huabao International Holdings Ltd	487,392	2,144,525	1.38
Jiangxi Copper Co Ltd – H shares	286,752	5,620,339	3.61
Kingboard Chemical Holdings Ltd	132,480	2,458,829	1.58
Shenzhen International Holdings Ltd	2,537,808	1,319,660	0.85
Shimao Property Holdings Ltd	286,512	3,816,340	2.45
Shougang Fushan Resources Group Ltd	547,872	1,139,574	0.73
Shui On Land Ltd	616,704	1,800,776	1.16
SOHO China Ltd	428,856	2,045,643	1.31
Yanzhou Coal Mining Co Ltd – H shares	404,736	4,775,885	3.07

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2012

	Holdings	Fair value HK\$	% of net asset
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>Hong Kong (Continued)</i>			
Zoomlion Heavy Industry Science and Technology Co Ltd – H shares	295,536	<u>2,600,717</u>	<u>1.67</u>
Total financial assets at fair value through profit or loss		154,011,371	99.00
Cash and cash equivalents		1,605,047	1.03
Other net liabilities		<u>(52,452)</u>	<u>(0.03)</u>
Total net assets		<u><u>155,563,966</u></u>	<u><u>100.00</u></u>
Total investments, at cost		<u><u>179,851,028</u></u>	

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

FOR THE PERIOD ENDED 30 SEPTEMBER 2012 (UNAUDITED)

	% of net assets	
	30.9.2012	31.3.2012
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
Hong Kong	99.00	99.79
Total financial assets at fair value through profit or loss	99.00	99.79
Cash and cash equivalents	1.03	0.37
Other net liabilities	(0.03)	(0.16)
Total net assets	100.00	100.00