



VALUE CHINA ETF (3046 HK)

SEMI-ANNUAL REPORT 2013

For the six months ended 30 September 2013

Sensible Asset Management Hong Kong Limited

9th Floor, Nexus Building,
41 Connaught Road Central, Hong Kong

Tel : (852) 2880 9263

Fax : (852) 2564 8487

Email : operations@valueetf.com.hk

Website : www.valueETF.com.hk

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
13th Floor, One Pacific Place
88 Queensway
Hong Kong

Auditor

KPMG
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

Information available from:

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

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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate award		
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 (“SEHK”). 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 2013, the Net Asset Value (“NAV”) per unit of the Fund was HKD36.62, and 4,800,000 units were outstanding. The total size of the Fund was approximately HKD175 million.

A summary of the performance of the Index and the Fund is given below.

Total Return in HKD	From 1 Apr 2013 to 30 Sep 2013	2013 YTD (as at 30 Sep)	Since inception
FTSE Value-Stocks China Index	1.1%	-1.3%	19.1%
Value China ETF	-0.4%	-3.1%	10.0%

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 38 basis points on an annualized basis since its inception on 10 December 2009.

Sensible Asset Management Hong Kong Limited

20 November 2013

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 2013. Performance data is net of all fees.

Investors should note that investment involves 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 sizes.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013 (UNAUDITED)

	30.9.2013 <i>HK\$</i>	31.3.2013 <i>HK\$</i>
Assets		
Financial assets at fair value through profit or loss	173,617,133	175,776,024
Cash and cash equivalents	1,384,286	806,163
Dividend receivable	763,996	–
Prepayment	166,846	46,837
Total assets	<u>175,932,261</u>	<u>176,629,024</u>
Liabilities		
Audit fees payable	249,091	165,000
Manager's fees payable	200,852	105,815
Trustee and registrar fees payable	86,284	86,165
Other payable	26,225	–
Total liabilities	<u>562,452</u>	<u>356,980</u>
Total equity	<u>175,369,809</u>	<u>176,272,044</u>
Represented by:		
Net assets attributable to unitholders (at last traded prices)	175,772,665	176,393,622
Adjustment from last traded prices to bid prices	(402,856)	(121,578)
	<u>175,369,809</u>	<u>176,272,044</u>
Net asset value per unit at last traded prices based on 4,800,000 (31.3.2013: 4,800,000) units outstanding	<u>36.62</u>	<u>36.75</u>
		01.04.2012 to 30.9.2012 <i>HK\$</i>
Interim Distribution* (2012: HK\$1.45 per unit based on 4,800,000 units outstanding as at 20 November 2012)		<u>6,960,000</u>

* The dividend per unit for 2013 will be determined and announced on 2 December 2013.

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2013

	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	161,736	1,374,756	0.78
Agricultural Bank of China Ltd – H shares	2,982,792	10,618,740	6.06
Bank of China Ltd – H shares	7,413,072	26,168,143	14.92
Bank of Communications Co Ltd – H shares	1,041,864	5,938,625	3.39
Chaoda Modern Agriculture (Holdings) Ltd	1,338,984	–	0.00
China Citic Bank Corporation Ltd – H shares	981,984	3,937,756	2.24
China Coal Energy Co Ltd – H shares	531,312	2,465,288	1.41
China Overseas Land & Investment Ltd	528,168	12,095,047	6.90
China Everbright Ltd	181,848	1,829,391	1.04
China Merchants Bank Co Ltd – H shares	593,976	8,351,303	4.76
China Minsheng Banking Corporation Ltd – H shares	657,840	6,091,598	3.47
China Petroleum & Chemical Corporation – H shares	3,300,984	20,003,963	11.41
Chongqing Rural Commercial Bank Co Ltd – H shares	360,960	1,335,552	0.76
CNOOC Ltd	1,627,368	25,647,320	14.62
Dongfeng Motor Group Company Limited – H shares	379,008	4,464,714	2.55
Fosun International Ltd	174,888	1,066,817	0.61
Guangzhou R&F Properties Co Ltd – H shares	125,064	1,503,269	0.86
Huabao International Holdings Ltd	248,760	805,982	0.46
Kingboard Chemical Holdings Ltd	87,576	1,726,999	0.98
Longfor Properties Co Ltd	175,536	2,152,071	1.23
PetroChina Co Ltd – H shares	2,729,832	23,285,467	13.28
PICC Property and Casualty Co Ltd – H shares	387,216	4,065,768	2.32
Shenzhen International Holdings Ltd	1,101,504	1,024,399	0.58
Shenzhen Investment Ltd	281,160	877,219	0.50
SOHO China Ltd	199,128	1,316,236	0.75

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2013

	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>			
Wheelock and Co Ltd	105,096	4,293,172	2.45
Zoomlion Heavy Industry Science and Technology Co Ltd – H shares	175,752	<u>1,177,538</u>	<u>0.67</u>
Total financial assets at fair value through profit or loss		173,617,133	99.00
Cash and cash equivalents		1,384,286	0.79
Other net assets		<u>368,390</u>	<u>0.21</u>
Total net assets		<u><u>175,369,809</u></u>	<u><u>100.00</u></u>
Total investments, at cost		<u><u>182,194,052</u></u>	

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS

FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (UNAUDITED)

	% of net assets	
	30.9.2013	31.3.2013
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
Hong Kong	99.00	99.72
	<u>99.00</u>	<u>99.72</u>
Total financial assets at fair value through profit or loss	99.00	99.72
Cash and cash equivalents	0.79	0.46
Other net assets / (liabilities)	0.21	(0.18)
	<u>0.21</u>	<u>(0.18)</u>
Total net assets	<u>100.00</u>	<u>100.00</u>