



VALUE CHINA ETF (Stock code: 3046)

SEMI-ANNUAL REPORT 2014

For the six months ended 30 September 2014

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
13th Floor, One Pacific Place
88 Queensway
Hong Kong

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
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 2014, the Net Asset Value (“NAV”) per unit of the Fund was HKD35.18, and 3,600,000 units were outstanding. The total size of the Fund was approximately HKD127 million.

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

Total return in HKD	From 1 Apr 2014 to 30 Sep 2014	2014 YTD (as at 30 Sep)	Since inception
FTSE Value-Stocks China Index	8.7%	2.0%	21.4%
Value China ETF	7.0%	0.0%	9.8%

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

Sensible Asset Management Hong Kong Limited

20 November 2014

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 2014. 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 (UNAUDITED)

AS AT 30 SEPTEMBER 2014

	30.9.2014	31.3.2014
	<i>HK\$</i>	<i>HK\$</i>
Assets		
Financial assets at fair value through profit or loss	125,858,657	158,011,008
Dividend receivables	469,470	–
Prepayments and other receivables	147,243	49,244
Cash and cash equivalents	740,273	32,159
	<hr/>	<hr/>
Total assets	127,215,643	158,092,411
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Liabilities		
Audit fees payable	269,418	179,448
Management fees payable	82,070	90,408
Trustee and registrar fees payable	45,368	45,250
Amounts payable on purchase of investments	131,475	–
Other payables	30,000	–
	<hr/>	<hr/>
Total liabilities	558,331	315,106
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Net assets attributable to unitholders	126,657,312	157,777,305
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Net asset value per unit based on 3,600,000 (31.3.2014: 4,800,000) units outstanding	35.18	32.87
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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2014

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
<i>Hong Kong</i>			
Agile Property Holdings Ltd.	246,096	1,173,878	0.93
Agricultural Bank of China Ltd.	5,082,894	17,485,155	13.80
Bank of China Ltd.	5,472,702	19,045,003	15.04
Bank of Communications Co., Ltd.	1,585,206	8,575,964	6.77
BBMG Corporation	230,184	1,238,390	0.98
Chaoda Modern Agriculture (Holdings) Ltd.	1,338,984	–	–
China CITIC Bank Corporation Ltd.	1,494,090	7,037,164	5.56
China Communications Construction Co. Ltd.	871,560	4,880,736	3.85
China Communications Services Corporation Ltd.	504,450	1,821,065	1.44
China Merchants Bank Co., Ltd.	903,726	12,001,481	9.48
China Minsheng Banking Corp., Ltd.	1,201,104	8,527,838	6.73
China Resources Cement Holdings Ltd.	385,002	2,048,211	1.62
China Shenhua Energy Co. Ltd.	669,024	14,484,370	11.43
China South City Holdings Ltd.	447,624	1,606,970	1.27
Chongqing Rural Commercial Bank Co., Ltd.	549,216	1,933,240	1.53
Country Garden Holdings Co. Ltd.	918,666	2,691,691	2.12
Evergrande Real Estate Group Ltd.	1,167,192	3,408,201	2.69
Huabao International Holdings Ltd.	378,504	2,267,239	1.79
Kingboard Chemical Holdings Ltd.	133,236	2,057,164	1.62
Longfor Properties Co. Ltd.	267,084	2,371,706	1.87
REXLot Holdings Ltd.	1,600,812	1,264,642	1.00

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 SEPTEMBER 2014

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>Hong Kong (Continued)</i>			
Shanghai Industrial Holdings Ltd.	89,352	2,055,096	1.62
Sino-Ocean Land Holdings Ltd.	702,000	2,871,180	2.27
SINOPEC Engineering (Group) Co., Ltd.	217,908	1,823,890	1.44
Skyworth Digital Holdings Ltd.	358,578	1,445,069	1.14
Yuexiu Property Co. Ltd.	1,235,808	1,705,415	1.35
		<u>125,820,758</u>	<u>99.34</u>
Rights			
Agile PP NP14RT	49,219	<u>37,899</u>	<u>0.03</u>
Total financial assets at fair value through profit or loss		125,858,657	99.37
Cash and cash equivalents		740,273	0.58
Other net assets		<u>58,382</u>	<u>0.05</u>
Total net assets		<u>126,657,312</u>	<u>100.00</u>
Total investments, at cost		<u>139,004,600</u>	

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

	% of net assets	
	30.9.2014	31.3.2014
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
Hong Kong	99.34	100.15
Rights		
Hong Kong	0.03	–
	<hr/>	<hr/>
Total financial assets at fair value through profit or loss	99.37	100.15
Cash and cash equivalents	0.58	0.02
Other net assets/(liabilities)	0.05	(0.17)
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Total net assets	<u>100.00</u>	<u>100.00</u>