



VALUE CHINA ETF (Stock code: 3046)

2017 SEMI-ANNUAL REPORT

For the six months ended 30 September 2017



Sensible Asset Management Hong Kong Limited

9th Floor, Nexxus 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. This report shall not constitute an offer to sell or a solicitation of an offer to buy shares in any of the funds. Subscriptions are to be made only on the basis of the information contained in the prospectus, as supplemented by the latest semi-annual and annual reports.

CONTENTS

	<i>Pages</i>
General information	2-3
Manager's report	4
Statement of financial position (unaudited)	5
Investment portfolio (unaudited)	6
Statement of movements in portfolio holdings (unaudited)	7
Performance record (unaudited)	7
Investment limitation and prohibitions under the SFC code (unaudited)	8

VALUE CHINA ETF

(A Hong Kong Unit Trust)

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 So Chun Ki Louis
Dr Au King Lun
Mr Roger Anthony Hepper

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

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

Information available from:

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

Telephone : (852) 2880 9263
Fax : (852) 2564 8487
Email : operations@valueetf.com.hk
Website : www.valueETF.com.hk

GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate awards (ETF)	
2016	<ul style="list-style-type: none">• Value Partners ETF and Indexing Awards 2016 – Best ETF Launch – <i>Asia Asset Management & ETFI Asia</i>• Value Partners ETF and Indexing Awards 2016 – Best Commodity ETF – <i>Asia Asset Management & ETFI Asia</i>• Value Partners ETF and Indexing Awards 2016 – Best Smart Beta ETF – <i>Asia Asset Management & ETFI Asia</i>
Value China ETF	
2016	<ul style="list-style-type: none">• 2016 HKCAMA - Bloomberg Offshore China Fund Awards Best Tracking Error (ETF) – First Runner-up – <i>HKCAMA & Bloomberg</i>

VALUE CHINA ETF

(A Hong Kong Unit Trust)

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 29 September 2017, the Net Asset Value ("NAV") per unit of the Fund was HKD43.26, and 3,400,000 units were outstanding. The total size of the Fund was approximately HKD147.1 million.

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

	From 1 April 2017 to 29 September 2017	2017 YTD (as at 29 September)	Since inception
FTSE Value-Stocks China Index	+14.1%	+29.0%	+80.3%
Value China ETF	+12.9%	+27.0%	+54.9%

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

Sensible Asset Management Hong Kong Limited

24 November 2017

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in HKD, NAV to NAV with dividends reinvested, as at 29 September 2017. 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.

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 SEPTEMBER 2017

	30.9.2017	31.3.2017
	<i>HK\$</i>	<i>HK\$</i>
ASSETS		
Financial assets at fair value through profit or loss	145,934,113	120,876,419
Dividends receivable	393,023	–
Prepayments and other receivables	23,261	85,875
Cash and cash equivalents	1,161,805	2,282,738
	<u>147,512,202</u>	<u>123,245,032</u>
TOTAL ASSETS	147,512,202	123,245,032
LIABILITIES		
Audit fees payable	132,757	253,733
Management fees payable	63,589	270,632
Trustee and registrar fees payable	6,214	18,859
Other payables	216,218	108,352
	<u>418,778</u>	<u>651,576</u>
TOTAL LIABILITIES	418,778	651,576
TOTAL EQUITY	147,093,424	122,593,456
Represented by:		
Net assets attributable to unitholders	<u>147,093,424</u>	<u>122,593,456</u>
Net asset value per unit based on 3,400,000 (31.3.2017: 3,200,000) units outstanding	<u>43.26</u>	<u>38.31</u>

VALUE CHINA ETF

(A Hong Kong Unit Trust)

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2017

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
Hong Kong			
Agile Group Holdings Ltd	182,886	2,084,900	1.42
Agricultural Bank of China Ltd H Shrs	3,340,296	11,691,036	7.95
Bank of China Ltd H Shrs	5,553,781	21,382,057	14.54
Bank of Communications Co Ltd H Shrs	1,019,014	5,808,380	3.95
Beijing Enterprises Holdings Ltd	67,133	2,819,586	1.92
China CITIC Bank Corp Ltd H Shrs	1,081,370	5,363,595	3.65
China Everbright Bank Co Ltd H Shrs	423,521	1,528,911	1.04
China Everbright Ltd	109,259	1,962,292	1.33
China Merchants Bank Co Ltd H Shrs	495,091	13,590,248	9.24
China Minsheng Banking Corp Ltd H Shrs	694,824	4,974,940	3.38
China Shenhua Energy Co. Ltd – H Shares	444,635	8,163,499	5.55
China State Construction International Holdings Ltd	248,897	2,832,448	1.92
China Vanke Co Ltd H Shrs	172,023	4,420,991	3.00
Chongqing Rural Commercial Bank Co Ltd H Shrs	340,680	1,686,366	1.15
CITIC Ltd	642,039	7,409,130	5.04
Dongfeng Motor Group Co Ltd H Shrs	373,558	3,855,118	2.62
Industrial & Commercial Bank of China Ltd H Shrs	3,836,101	22,249,386	15.13
Kingboard Chemical Holdings Ltd	89,114	3,684,864	2.50
PICC Property & Casualty Co Ltd H Shrs	586,840	8,086,655	5.50
Postal Savings Bank of China Co Ltd – H Shares	766,411	3,441,185	2.34
Shanghai Industrial Holdings Ltd	59,517	1,407,577	0.96
Shenzhen Investment Ltd	392,564	1,389,677	0.94
Sino-Ocean Group Holding Ltd	375,445	1,956,068	1.33
Sinopec Shanghai Petrochemical Co Ltd H Shrs	457,249	2,126,208	1.44
Xinyi Glass Holdings Ltd	261,528	2,018,996	1.37
Total financial assets at fair value through profit or loss		145,934,113	99.21
Cash and cash equivalents		1,161,805	0.79
Other net liabilities		(2,494)	(0.00)
Total net assets		<u>147,093,424</u>	<u>100.00</u>
Total investments, at cost		<u>134,419,391</u>	

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

	% of net assets	
	30.9.2017	31.3.2017
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
Hong Kong	99.21	98.60
Total financial assets at fair value through profit or loss	99.21	98.60
Cash and cash equivalents	0.79	1.86
Other net liabilities	(0.00)	(0.46)
Total net assets	<u>100.00</u>	<u>100.00</u>

PERFORMANCE RECORD (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

Comparison of the scheme performance and the actual index performance

The table below illustrates the comparison between the performance of the Index and the Fund during the following period:

	From 1 April 2017 to 30 September 2017	From 1 April 2016 to 30 September 2016
FTSE Value-Stocks China Index	+14.1%	+15.5%
Value China ETF	+12.9%	+13.5%

VALUE CHINA ETF

(A Hong Kong Unit Trust)

INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)

AS AT 30 SEPTEMBER 2017

The Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code") allows the Fund to invest in constituent securities issued by a single issuer for more than 10% of the Fund's net asset value provided that:

- a) the investment is limited to any constituent securities that each accounts for more than 10% of the weighting of the index; and
- b) the Fund's holding of any such constituent securities may not exceed their respective weightings in the index, except where weightings are exceeded as a result of changes in the composition of the indices and the excess is only transitional and temporary in nature.

Constituent securities that account for more than 10% of the net asset value of the Fund as at 30 September 2017 and 31 March 2017 are as follows:

	Respective weighting in the tracked index	Respective weighting in the Fund's net asset value
As at 30 September 2017		
Bank of China Ltd H Shrs	14.65%	14.54%
Industrial & Commercial Bank of China Ltd H Shrs	15.25%	15.13%
As at 31 March 2017		
Bank of China Ltd H Shrs	15.17%	14.96%