



**VALUE CHINA ETF** (Stock code: 3046)

# 2018 SEMI-ANNUAL REPORT

For the six months ended 30 September 2018

**Sensible Asset Management Hong Kong Limited**

43rd Floor, The Center

99 Queen's Road Central, Hong Kong

Tel: (852) 2880 9263 Fax: (852) 2564 8487

Email: [operations@valueETF.com.hk](mailto:operations@valueETF.com.hk)

Website: [www.valueETF.com.hk](http://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.*

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## VALUE CHINA ETF

(A Hong Kong Unit Trust)

### GENERAL INFORMATION

#### Investment Manager

Sensible Asset Management Hong Kong Limited  
43rd Floor, The Center  
99 Queen's Road Central  
Hong Kong

#### Sub-investment Manager

Value Partners Hong Kong Limited  
43rd Floor, The Center  
99 Queen's Road Central  
Hong Kong

#### Directors of the Investment Manager

Mr. So Chun Ki Louis  
Dr. Au King Lun  
Mr. Roger Anthony Hepper  
Mr. Mak Ling Kai  
Mr. Quah Kung Beng David (appointed on 2  
May 2018)

#### 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

#### Information available from:

Sensible Asset Management Hong Kong Limited  
43rd Floor, The Center  
99 Queen's Road Central  
Hong Kong

Telephone : (852) 2880 9263  
Fax : (852) 2564 8487  
Email : [operations@valueETF.com.hk](mailto:operations@valueETF.com.hk)  
Website : [www.valueETF.com.hk](http://www.valueETF.com.hk)

## GENERAL INFORMATION (Continued)

### Recent awards and achievements

Corporate awards (ETF)	
2017	<ul style="list-style-type: none"> <li>• <b>Benchmark Fund of the Year Awards 2017, Hong Kong House Award (ETF) – Commodity ETF (Outstanding Achiever) for Sensible Asset Management</b> <i>– Benchmark</i></li> </ul>
2016	<ul style="list-style-type: none"> <li>• <b>Value Partners ETF and Indexing Awards 2016 – Best ETF Launch</b> <i>– Asia Asset Management &amp; ETFI Asia</i></li> <li>• <b>Value Partners ETF and Indexing Awards 2016 – Best Commodity ETF</b> <i>– Asia Asset Management &amp; ETFI Asia</i></li> <li>• <b>Value Partners ETF and Indexing Awards 2016 – Best Smart Beta ETF</b> <i>– Asia Asset Management &amp; ETFI Asia</i></li> </ul>
Value China ETF	
2016	<ul style="list-style-type: none"> <li>• <b>2016 HKCAMA – Bloomberg Offshore China Fund Awards Best Tracking Error (ETF) – First Runner-up</b> <i>– HKCAMA &amp; Bloomberg</i></li> </ul>

## VALUE CHINA ETF

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### 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 28 September 2018, the Net Asset Value ("NAV") per unit of the Fund was HKD41.64, and 4,800,000 units were outstanding. The total size of the Fund was approximately HKD200 million.

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

	<b>From 1 April 2018 to 28 September 2018</b>	<b>2018 YTD (as at 28 September)</b>	<b>Since inception</b>
FTSE Value-Stocks China Index	-9.2%	-4.4%	+81.0%
Value China ETF	-9.7%	-5.0%	+54.3%

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

### Sensible Asset Management Hong Kong Limited

27 November 2018

*All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in HKD, NAV to NAV with dividends reinvested, as at 28 September 2018. 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 2018

	<b>30.9.2018</b> <i>HK\$</i>	<b>31.3.2018</b> <i>HK\$</i>
<b>ASSETS</b>		
Financial assets at fair value through profit or loss	198,283,304	266,001,121
Dividends receivable	853,518	-
Prepayments and other receivable	195,457	11,398
Cash and cash equivalents	<u>926,945</u>	<u>1,943,566</u>
<b>TOTAL ASSETS</b>	<u>200,259,224</u>	<u>267,956,085</u>
<b>LIABILITIES</b>		
Audit fees payable	62,036	124,415
Management fees payable	94,479	64,141
Trustee and registrar fees payable	69,478	6,111
Other payables	<u>157,313</u>	<u>372,305</u>
<b>TOTAL LIABILITIES</b>	<u>383,306</u>	<u>566,972</u>
<b>TOTAL EQUITY</b>	<u>199,875,918</u>	<u>267,389,113</u>
<b>Represented by:</b>		
Net assets attributable to unitholders	<u>199,875,918</u>	<u>267,389,113</u>
<b>Net asset value per unit based on 4,800,000 (31.3.2018: 5,800,000) units outstanding</b>	<u>41.64</u>	<u>46.10</u>

## VALUE CHINA ETF

(A Hong Kong Unit Trust)

### INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2018

	Holdings	Fair value HK\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Listed equity securities</b>			
<b>Hong Kong</b>			
Agricultural Bank of China Ltd H Shrs	7,412,784	28,465,091	14.24
BAIC Motor Corp Ltd H Shrs	347,904	2,181,358	1.09
Bank of China Ltd H Shrs	8,464,344	29,455,917	14.74
Bank of Communications Co Ltd H Shrs	1,878,312	11,025,691	5.52
Beijing Enterprises Holdings Ltd	123,744	5,432,362	2.72
China CITIC Bank Corp Ltd H Shrs	1,993,272	9,986,293	5.00
China Everbright Bank Co Ltd H Shrs	747,576	2,594,089	1.30
China Everbright International Ltd	868,848	5,873,412	2.94
China Everbright Ltd	201,408	2,823,740	1.41
China Minsheng Banking Corp Ltd H Shrs	1,536,888	8,929,319	4.47
China Shenhua Energy Co Ltd H Shrs	819,576	14,654,019	7.33
Chongqing Rural Commercial Bank Co Ltd H Shrs	675,216	2,889,924	1.44
CITIC Ltd	1,183,464	13,799,190	6.90
Country Garden Holdings Co Ltd	1,780,224	17,570,811	8.79
Dongfeng Motor Group Co Ltd H Shrs	688,584	5,549,987	2.78
Great Wall Motor Co Ltd H Shrs	747,456	3,729,805	1.87
Kingboard Holdings Ltd	168,696	4,310,183	2.16
KWG Group Holdings Ltd	300,312	2,150,234	1.07
Lee & Man Paper Manufacturing Ltd	353,040	2,563,070	1.28
Nine Dragons Paper Holdings Ltd	377,712	3,195,444	1.60



**INVESTMENT PORTFOLIO (UNAUDITED) (Continued)**

AS AT 30 SEPTEMBER 2018

	Holdings	Fair value HK\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed equity securities (Continued)</b>			
<i>Hong Kong (Continued)</i>			
Postal Savings Bank of China Co Ltd H Shrs	1,412,688	6,964,552	3.48
Shenzhen International Holdings Ltd	212,208	3,429,281	1.71
Sino-Ocean Group Holding Ltd	698,904	2,411,219	1.21
Sinopec Shanghai Petrochemical Co Ltd H Shrs	842,832	4,028,737	2.01
Yanzhou Coal Mining Co Ltd H Shrs	470,736	4,269,576	2.14
<b>Total financial assets at fair value through profit or loss</b>		198,283,304	99.20
Cash and cash equivalents		926,945	0.47
Other net assets		665,669	0.33
<b>Total net assets</b>		<u>199,875,918</u>	<u>100.00</u>
<b>Total investments, at cost (inclusive of transaction cost)</b>		<u>223,246,629</u>	

## VALUE CHINA ETF

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### STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

	% of net assets	
	30.9.2018	31.3.2018
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		
<b>Listed equity securities</b>		
Hong Kong	<u>99.20</u>	<u>99.48</u>
<b>Total financial assets at fair value through profit or loss</b>	99.20	99.48
Cash and cash equivalents	0.47	0.73
Other net assets/(liabilities)	<u>0.33</u>	<u>(0.21)</u>
<b>Total net assets</b>	<u><u>100.00</u></u>	<u><u>100.00</u></u>

**PERFORMANCE RECORD (UNAUDITED)**

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018*

**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:

	<b>From 1 April 2018 to 30 September 2018</b>	<b>From 1 April 2017 to 30 September 2017</b>
FTSE Value-Stocks China Index	-9.2%	+14.1%
Value China ETF	-9.7%	+12.9%

## VALUE CHINA ETF

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### INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)

AS AT 30 SEPTEMBER 2018

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 2018 and 31 March 2018 are as follows:

	<b>Respective weighting in the tracked index</b>	<b>Respective weighting in the Fund's net asset value</b>
<b>As at 30 September 2018</b>		
Agricultural Bank of China Ltd H Shrs	14.36%	14.24%
Bank of China Ltd H Shrs	14.86%	14.74%
<b>As at 31 March 2018</b>		
Bank of China Ltd H Shrs	14.53%	14.45%
Industrial & Commercial Bank of China Ltd H Shrs	16.00%	15.92%