



VALUE CHINA A-SHARE ETF

Stock code: 03095 (HKD) | 83095 (RMB)

A Sub-fund of Value Partners ETFs Trust

ANNUAL REPORT 2016

For the period from 20 March 2015 (date of inception) to 31 March 2016

Value Partners Hong Kong Limited

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In the event of inconsistency, the English text of this 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 A-SHARE ETF

A Sub-Fund of Value Partners ETFs Trust
(Hong Kong Umbrella Unit Trust)

GENERAL INFORMATION

Manager and RQFII Holder

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

Investment Adviser

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

Directors of Manager and RQFII Holder

Dato' Cheah Cheng Hye
Mr Ho Man Kei, Norman
Mr So Chun Ki Louis

Directors of the Investment Adviser

Mr Chow Wai Chiu William
Mr So Chun Ki Louis

Trustee and Register

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

PRC Custodian

HSBC Bank (China) Company Limited
33/F, HSBC Building
Shanghai IFC
8 Century Avenue
Pudong
Shanghai 200120
China

Legal Advisor

Simmons & Simmons
13th Floor, One Pacific Place
88 Queensway
Hong Kong

Auditors

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 awards (ETF)	
2016	<ul style="list-style-type: none"> • Value Partners ETF and Indexing Awards 2016 – Best ETF Launch – <i>ETFI Asia</i> • Value Partners ETF and Indexing Awards 2016 – Best Commodity ETF – <i>ETFI Asia</i> • Value Partners ETF and Indexing Awards 2016 – Best Smart Beta ETF – <i>ETFI Asia</i>

VALUE CHINA A-SHARE ETF

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(Hong Kong Umbrella Unit Trust)

MANAGER'S REPORT

Value China A-Share ETF (the "Sub-Fund") is a physical index-tracking fund which aims to provide investment results, before fees and expenses, that closely correspond to the performance of the FTSE Value-Stocks China A-Share Index ("Index"). The Sub-Fund has dual counter traded units which are traded and settled in both RMB and HKD. The units are traded on the Stock Exchange of Hong Kong Limited ("SEHK"). The Sub-Fund invests directly in A-Shares included in the Index through the Renminbi Qualified Foreign Institutional Investors (RQFII) investment quota granted to the Manager and the Shanghai-Hong Kong Stock Connect.

As at 31 March 2016, the net asset value ("NAV") per unit of the Sub-Fund was RMB5.9605, and 21,000,000 units were outstanding. The total size of the Sub-Fund was approximately RMB125 million.

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

Total return in RMB	From 20 Mar 2015 (date of inception) to 31 Mar 2016	2016 YTD (as at 31 Mar)
FTSE Value-Stocks China A-Share Index	-13.3%	-12.2%
Value China A-Share ETF	-13.3%	-11.7%

The difference in performance between the FTSE Value-Stocks China A-Share Index and the Value China A-Share ETF is mainly attributed to fees and expenses, and security misweightings. The historical tracking error for the NAV of the Sub-Fund against the FTSE Value-Stocks China A-Share Index was at 256 basis points on an annualised basis since its inception on 20 March 2015.

Value Partners Hong Kong Limited

20 July 2016

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in RMB, NAV to NAV with dividends reinvested, as at 31 March 2016. Performance data is net of all fees.

Investors should note that investments involve risk. The price of units may go down as well as up and past performance is not indicative of future results.

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager of Value China A-Share ETF (the "Sub-Fund") is required by the Hong Kong Code on Unit Trusts and Mutual Funds established by the Hong Kong Securities and Futures Commission and the Trust Deed to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of the Sub-Fund at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Sub-Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Sub-Fund in accordance with the Trust Deed and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's responsibilities

The Trustee of the Sub-Fund is required to:

- ensure that the Sub-Fund is managed by the Manager in accordance with the Trust Deed and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Sub-Fund and rights attaching thereto; and
- report to the unitholders for each annual period on the conduct of the Manager in the management of the Sub-Fund.

VALUE CHINA A-SHARE ETF

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TRUSTEE'S REPORT TO THE UNITHOLDERS OF VALUE PARTNERS ETFs TRUST – VALUE CHINA A-SHARE ETF

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed Value China A-Share ETF in accordance with the provisions of the Trust Deed of the Sub-Fund dated 12 March 2015, as amended, for the period from 20 March 2015 (date of inception) to 31 March 2016.

For and on behalf of
HSBC Institutional Trust Services (Asia) Limited

Trustee
20 July 2016

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF VALUE PARTNERS ETFs TRUST – VALUE CHINA A-SHARE ETF

We have audited the financial statements of Value China A-Share ETF (a sub-fund of Value Partners ETFs Trust (the “Trust”) and referred to as the “Sub-Fund”) set out on pages 9 to 41, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the period from 20 March 2015 (date of inception) to 31 March 2016 and a summary of significant accounting policies and other explanatory information.

Trustee’s and Manager’s responsibilities for the financial statements

The Trustee and the Manager of the Sub-Fund are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed of the Sub-Fund dated 12 March 2015, as amended, (the “Trust Deed”) and the disclosure requirements specified in Appendix E to the Code on Unit Trusts and Mutual Funds of the Securities and Futures Commission of Hong Kong (the “SFC Code”), and for such internal control as the Trustee and the Manager determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We are also required to assess whether the financial statements have been properly prepared, in all material aspects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

VALUE CHINA A-SHARE ETF

A Sub-Fund of Value Partners ETFs Trust
(Hong Kong Umbrella Unit Trust)

INDEPENDENT AUDITORS' REPORT TO THE UNITHOLDERS OF VALUE PARTNERS ETFs TRUST – VALUE CHINA A-SHARE ETF (Continued)

Auditors' responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Sub-Fund's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Trustee and the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Sub-Fund as at 31 March 2016, and of its financial performance and cash flows for the period from 20 March 2015 (date of inception) to 31 March 2016 in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the disclosure requirements specified in Appendix E to the SFC Code.

Ernst & Young

Certified Public Accountants

Hong Kong

20 July 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	<i>Notes</i>	2016 <i>RMB</i>
Assets		
Financial assets at fair value through profit or loss	4, 10	124,923,676
Prepayments		9,408
Cash and cash equivalents	4, 7(c)	580,707
Total assets		125,513,791
Liabilities		
Audit fees payable		102,882
Management fees payable	7(a)	74,797
Trustee and registrar fees payable	7(b)	21,375
Other payables		143,943
Total liabilities		342,997
Total equity		125,170,794
Represented by:		
Net assets attributable to unitholders		125,170,794
Net asset value per unit based on 21,000,000 units outstanding	8	5.9605

Approved and authorised for issue by the Manager and the Trustee on 20 July 2016

Signed by:

Value Partners Hong Kong Limited, Manager

HSBC Institutional Trust Services (Asia) Limited, Trustee

The notes on pages 13 to 41 form part of these financial statements.

VALUE CHINA A-SHARE ETF

A Sub-Fund of Value Partners ETFs Trust
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STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 20 MARCH 2015 (DATE OF INCEPTION) TO 31 MARCH 2016

		Period from 20 March 2015 (date of inception) to 31 March 2016 RMB
	<i>Notes</i>	
Dividend income		3,909,775
Interest income		8,976
Net losses from financial assets at fair value through profit or loss	5	(34,999,219)
Net foreign exchange losses		<u>(13,465)</u>
Net investment losses		<u>----- (31,093,933)</u>
Management fees	7(a)	1,048,246
Trustee and registrar fees	7(b)	149,755
Transaction fees		667,075
Auditors' remuneration		101,300
Professional fees		434,795
Bank charges	7(c)	37,024
Preliminary expenses		1,459,678
Listing fee		14,806
Information service fee		282,636
Other operating expenses		<u>247,922</u>
Operating expenses		<u>----- 4,443,237</u>
Loss before taxation		(35,537,170)
Withholding tax	6	<u>(411,236)</u>
Loss after taxation and total comprehensive income for the period		<u>----- <u>(35,948,406)</u></u>

The notes on pages 13 to 41 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 20 MARCH 2015 (DATE OF INCEPTION) TO 31 MARCH 2016

	<i>Notes</i>	Period from 20 March 2015 (date of inception) to 31 March 2016 RMB
Balance at the beginning of the period		----- —
Issue of redeemable units	8	222,142,900
Redemption of redeemable units	8	<u>(57,773,700)</u>
Net increase from unit transactions		164,369,200
Distributions to unitholders	9	<u>(3,250,000)</u>
Total transactions with unitholders		161,119,200
Loss after taxation and total comprehensive income for the period		<u>(35,948,406)</u>
Balance at the end of the period		<u><u>125,170,794</u></u>

The notes on pages 13 to 41 form part of these financial statements.

VALUE CHINA A-SHARE ETF

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STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 20 MARCH 2015 (DATE OF INCEPTION) TO 31 MARCH 2016

	Period from 20 March 2015 (date of inception) to 31 March 2016 RMB
Operating activities	
Dividends received	3,909,775
Interest income received	8,976
Proceeds from sale of investments	172,833,656
Purchase of investments	(332,454,803)
Operating expenses paid	(4,424,861)
Withholding tax paid	(411,236)
	<hr/>
Cash flows used in operating activities	(160,538,493)

Financing activities	
Proceeds from issue of redeemable units	222,142,900
Payments on redemption of redeemable units	(57,773,700)
Distributions paid to unitholders	(3,250,000)
	<hr/>
Cash flows from financing activities	161,119,200

Net increase in cash and cash equivalents	580,707
Cash and cash equivalents at the beginning of the period	—
	<hr/>
Cash and cash equivalents at the end of the period	580,707
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The notes on pages 13 to 41 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Value China A-Share ETF (the “Sub-Fund”) is an open ended unit trust governed by its Trust Deed dated 12 March 2015 (the “Trust Deed”), as amended from time to time under the laws of Hong Kong. The Sub-Fund is authorised by the Hong Kong Securities and Futures Commission (the “SFC”) under Section 104(1) of the Hong Kong Securities and Futures Ordinance (“HKSF”), and is governed by the Hong Kong Code on Unit Trusts and Mutual Funds of the SFC (the “SFC Code”).

The Sub-Fund commenced trading under the stock codes 83095 (RMB counter) and 03095 (HKD counter) on the Stock Exchange of Hong Kong Limited (“SEHK”) on 24 March 2015.

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Value-Stocks China A-Share Index (the “Index”).

In seeking to achieve the Sub-Fund’s investment objective, Value Partners Hong Kong Limited (the “Manager”) will use a full replication strategy through investing directly in A-Shares included in the Index in substantially the same weightings in which they are included in the Index, through the RQFII investment quota granted to the Manager by the SAFE and the Shanghai-Hong Kong Stock Connect (“Stock Connect”). The Manager may invest up to 100% of the Sub-Fund’s net asset value through either RQFII and/or the Shanghai-Hong Kong Stock Connect. The Manager will not adopt representative sampling as an investment strategy.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the relevant disclosure provision of the Trust Deed and the relevant disclosure provisions specified in Appendix E of the SFC Code. A summary of the significant accounting policies adopted by the Sub-Fund is set out below.

The IASB has issued certain new and revised IFRSs that are available for early adoption for the current accounting period of the Sub-Fund.

The Sub-Fund has not applied any amendments and new standards that are not yet effective for the current accounting period (see note 13).

(b) Basis of preparation

The functional currency of the financial statements of the Sub-Fund is Renminbi (“RMB”) reflecting the fact that most of the transactions are denominated in RMB.

The financial statements are prepared under the historical cost convention, except for financial instruments at fair value through profit or loss. These financial statements are presented in RMB.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts recognised in the financial statements and disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of financial position that are not readily apparent from other sources. Actual results may differ from these estimates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Foreign currency translation

Transactions in foreign currencies are translated at foreign currency exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to RMB at the foreign currency closing exchange rate ruling at the date of the statement of financial position. Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to RMB at the foreign currency exchange rates ruling at the dates that the values were determined. Foreign currency exchange differences relating to trading investments are included in gains and losses on investments. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents, are presented separately in the statement of comprehensive income.

(d) Financial assets and financial liabilities at fair value through profit or loss

(i) Classification

The Sub-Fund designates all its equity securities into the financial assets at fair value through profit or loss category. The category of financial assets at fair value through profit or loss comprises financial instruments held for trading and financial instruments designated at fair value through profit or loss upon initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial assets and financial liabilities at fair value through profit or loss (Continued)

(i) Classification (Continued)

All of the Sub-Fund's investments are designated as financial assets at fair value through profit or loss. These investments are managed, evaluated and reported internally on a fair value basis upon initial recognition.

Financial assets that are classified as loans and receivables include prepayments.

Financial liabilities that are not designated at fair value through profit or loss include accounts payables.

(ii) Recognition

The Sub-Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

Financial liabilities are not recognised unless one of the parties has performed their obligations under the contract or the contract is a derivative contract not exempted from the scope of International Accounting Standard 39 ("IAS 39").

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial assets and financial liabilities at fair value through profit or loss (Continued)

(iii) Measurement

Financial instruments are measured initially at fair value (transaction price). Transaction costs on financial instruments designated at fair value through profit or loss are expensed immediately, while on other financial instruments they are amortised.

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in their fair value recognised in profit or loss.

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities are measured at amortised cost using the effective interest rate.

(iv) Fair value measurement principles

The Sub-Fund measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on their quoted market price at the date of the statement of financial position without any deduction for estimated future selling cost. The Sub-Fund utilises the last traded price for both listed financial assets and liabilities.

The Sub-Fund uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial assets and financial liabilities at fair value through profit or loss (Continued)

(iv) Fair value measurement principles (Continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Sub-Fund determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(v) Derecognition

The Sub-Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39.

The Sub-Fund uses the weighted average method to determine realised gains and losses on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Other financial assets

Financial assets that are stated at cost or amortised cost are reviewed at the date of each statement of financial position to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through profit or loss.

(f) Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(g) Income

Interest income is recognised in profit or loss on a time-proportionate basis using the effective interest method.

Dividend income relating to exchange-traded equity securities are recognised in profit or loss on the ex-dividend date. In some cases, the Sub-Fund may choose to receive dividends in the form of additional shares rather than cash. In such cases the Sub-Fund recognises the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment.

(h) Expenses

All expenses, including management fees and trustee and registrar fees, are recognised in profit or loss on an accrual basis. Preliminary expenses incurred in establishing the Sub-Fund are expensed immediately in accordance with IAS 38.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Foreign exchange gains and losses

Foreign exchange gains and losses on financial instruments designated at fair value through profit or loss are recognised together with other changes in the fair value. Included in the statement of comprehensive income line item, Net foreign exchange gains/(losses) are foreign exchange gains and losses on monetary financial assets and financial liabilities other than those classified as designated at fair value through profit or loss.

(j) Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the income of the Sub-Fund is exempt from taxation under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

In some jurisdictions, investment income and capital gains are subject to withholding tax deducted at the source of the income. The Sub-Fund presents the withholding tax separately from the gross investment income in the statement of comprehensive income. For the purpose of the statement of cash flows, cash inflows from investments are presented net of withholding taxes, when applicable.

(k) Redeemable units

The Sub-Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The Sub-Fund has only one class of redeemable units in issue and they are the most subordinate class of financial instrument in the Sub-Fund. The redeemable units provide unitholders with the right to require redemption for cash at a value proportionate to the unitholder's share in the Sub-Fund's net assets at each redemption date and also in the event of the Sub-Fund's liquidation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Redeemable units (Continued)

A puttable financial instrument that includes a contractual obligation for the Sub-Fund to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Sub-Fund's net assets in the event of the Sub-Fund's liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments have identical features;
- apart from the contractual obligation for the Sub-Fund to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and
- the total expected cash flows attributable to the instrument over its life are based substantially on profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the Sub-Fund over the life of the instrument.

The Sub-Fund's redeemable units meet these conditions and are classified as equity.

Incremental costs directly attributable to the issue or redemption of redeemable units are recognised directly in equity as a deduction from the proceeds or part of the acquisition cost.

Repurchase of redeemable units

When redeemable units recognised as equity are redeemed, the amount paid on the redemption of the units is presented as a deduction from total equity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Related parties

A party is considered to be related to the Sub-Fund if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Sub-Fund;
 - (ii) has significant influence over the Sub-Fund; or
 - (iii) is a member of the key management personnel of the Sub-Fund or of a parent of the Sub-Fund;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Sub-Fund are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Sub-Fund are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Sub-Fund or an entity related to the Sub-Fund;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Sub-Fund or to the parent of the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Segment reporting

An operating segment is a component of the Sub-Fund that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Sub-Fund's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the chief operating decision maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The chief operating decision maker of the Sub-Fund is identified as the Manager.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Sub-Fund's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts recognised in the financial statements and disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the Sub-Fund's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Going concern

The Sub-Fund's management has made an assessment of the Sub-Fund's ability to continue as a going concern and is satisfied that the Sub-Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Sub-Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Sub-Fund based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Sub-Fund. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair values of financial assets recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. The estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty's), correlation and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments in the statement of financial position and the level where the instruments are disclosed in the fair value hierarchy. The models are tested for validity by calibrating to prices from any observable current market transactions in the same instrument (without modification or repackaging) when available. To assess the significance of a particular input to the entire measurement, the Sub-Fund may perform sensitivity analysis or stress testing techniques.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT

The investment objective of the Sub-Fund is to provide investment results that, before fees and expenses, closely correspond to the performance of the Index.

The Sub-Fund invests in listed securities and it is exposed to market risk (which includes foreign exchange risk, price risk and interest risk), credit risk, liquidity risk and concentration risk arising from the financial instruments held.

The Sub-Fund's overall financial risk management program focuses on the analysis, evaluation and management of financial risks and seeks to minimise potential adverse effects on the Sub-Fund's financial performance.

The risk and respective risk management policies employed by the Sub-Fund to manage these risks are discussed below.

(a) Market risk

(i) Foreign exchange risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Sub-Fund's overall currency positions are monitored on a daily basis by the Manager.

As at 31 March 2016, the Sub-Fund is not exposed to significant foreign currency risk. The majority of assets and liabilities are denominated in RMB, which is the functional currency of the Sub-Fund.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Those changes may be caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Sub-Fund may trade in financial instruments, taking positions in traded and over-the-counter instruments, including derivatives, to take advantage of market movements.

All securities investments present a risk of loss of capital. The Manager makes investments in accordance with the provisions and specific limits as stated in the Trust Deed. The Sub-Fund's overall market positions are monitored on a daily basis by the Manager.

As at 31 March 2016, the Sub-Fund's overall market exposures and estimated market sensitivity are as follows:

	Percentage change 2016	Estimated impact on net assets 2016 RMB
FTSE Value-Stocks China A-Share Index	+/- 20%	+/- 24,803,916

(iii) Interest rate risk

The majority of the Sub-Fund's financial assets and liabilities are non-interest-bearing. As a result, the Sub-Fund is not subject to significant risk due to fluctuations in the prevailing levels of market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Sub-Fund. Potential credit risk to the Sub-Fund principally relates to financial assets, bank balances and receivables.

The Sub-Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges with high credit ratings or good reputation, and that the Manager considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has made payment. In a purchase, payment is made when the securities have been delivered by the broker. If either party fails to meet its obligation, the trade will fail. Accordingly, there is no significant concentration of credit risk.

The table below shows the major counterparties at the date of the statement of financial position. The credit ratings are issued by Standard & Poor's:

Counterparty	Credit rating	
	2016	31.3.2016
		<i>RMB</i>
Bank A	AA-	121,581
Bank B	AA-	459,126
PRC Custodian A	AA-	124,923,676

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability or selling a financial asset quickly at close to its fair value. The Manager monitors the liquidity of the Sub-Fund by conducting liquidity testing on the investment portfolio on a monthly and ad-hoc basis.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The Sub-Fund's equity investments are considered to be readily realisable under normal market conditions as they are all listed on the Stock Exchange. The Manager considers that the amount of the suspended list equity investments as at 31 March 2016 is relatively insignificant compared to the net asset value of the Sub-Fund.

The Sub-Fund is exposed to daily redemption of units. The Manager considered that there is no significant liquidity risk on redemption of units. The contractual maturity of all other liabilities is less than one year.

(d) Concentration risk

The SFC Code allows the Sub-Fund to invest in constituent securities issued by a single issuer for more than 10% of the Sub-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 Sub-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 Sub-Fund as at 31 March 2016 are as follows:

	Respective weighting in the tracked index	Respective weighting in the Sub-Fund's net asset value
As at 31 March 2016		
Ping An Insurance Group Co of China Ltd	10.10%	10.08%

NOTES TO THE FINANCIAL STATEMENTS (Continued)**5. NET LOSSES FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2016
	<i>RMB</i>
Net realised losses	(8,635,707)
Change in unrealised gains/losses	(26,363,512)
	<hr/>
	(34,999,219)
	<hr/> <hr/>

6. TAXATION**Hong Kong**

No provision for Hong Kong Profits Tax has been made in the financial statements as the income of the Sub-Fund is exempt from taxation under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.

People's Republic of China ("PRC")

In preparing these financial statements, the Manager has made certain assumptions and used various estimates concerning the tax exposure which is dependent on what might happen in the future. The resulting accounting estimates may not equal the related actual results.

Under PRC laws and regulations, foreign investors (such as the Sub-Fund) may be subject to a 10% withholding tax on income (such as dividend and interest) imposed on securities issued by PRC tax resident enterprises.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. TAXATION (Continued)

People’s Republic of China (“PRC”) (Continued)

Distribution tax

A 10% PRC withholding tax has been levied on dividend and interest payments from PRC companies to foreign investors. As such, the RQFII holder will pass on this tax liability to the Sub-Fund in the form of distribution tax and therefore the Sub-Fund is subject to a distribution tax of 10%. There is no assurance that the rate of the distribution tax will not be changed by the PRC tax authorities in the future. The distribution tax for the period from 20 March 2015 (date of inception) to 31 March 2016 was RMB411,236.

	2016
	<i>RMB</i>
Withholding tax on cash dividends	398,021
Withholding tax on non-cash dividends	13,215
	<hr/>
	411,236
	<hr/> <hr/>

Capital gains tax

In view of the “Notice on the issues of temporary exemption from the imposition of corporate income tax arising from gains from the transfer of equity investment assets such as PRC domestic stocks by Qualified Foreign Institutional Investor (“QFII”) and RQFII” (“關於QFII和RQFII取得中國境內的股票等權益性投資資產轉讓所得暫免徵收企業所得稅問題的通知”) Caishui [2014] No.79 (the “Notice”) issued by the Ministry of Finance of the PRC (the “MoF”), the State Administration of Taxation of the PRC (“SAT”) and the China Securities Regulatory Commission (the “CSRC”), no capital gains tax provision was made for the period from 20 March 2015 (date of inception) to 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**7. RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS**

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Sub-Fund entered into the following material related party transactions for the period. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fees

The Sub-Fund appointed the Manager, an investment management company incorporated in Hong Kong, to implement the investment strategy as specified in the Trust Deed. The Manager is entitled to receive management fees of 0.70% per annum of the net asset value of the Sub-Fund. The fees are accrued daily and calculated as at each dealing day and payable monthly in arrears. Management fees of RMB1,048,246 were charged to profit or loss during the period. Included in liabilities as at 31 March 2016 is a management fee payable of RMB74,797.

(b) Trustee, registrar and custodian fees

The Sub-Fund appointed the Trustee, a registered trust company incorporated in Hong Kong, to implement the responsibilities as specified in the Trust Deed. Trustee, registrar and custodian fees pertain to the amounts charged by the Trustee and The Hongkong and Shanghai Bank Corporation Limited (“the Custodian”) and HSBC Bank (China) Company Limited (the “RQFII Custodian”) as safe keeping and custodian fees, respectively. The Trustee pays the custodian fees (if any) of the Custodian and PRC Custodian. Such fees shall not be borne by the Sub-Fund.

HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) is entitled to receive trustee and registrar fees of 1% per annum of the net asset value of the Sub-Fund, subject to a minimum of RMB30,000 per month. For the period from 20 March 2015 (date of inception) to 31 March 2016, the minimum fee was waived. The fees are accrued daily and calculated as at each dealing day and payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(b) Trustee, registrar and custodian fees (Continued)

The Trustee is also entitled to receive service fees of HK\$5,000 per month. Trustee and registrar fees of RMB149,755 were charged to profit or loss during the period. Included in liabilities as at 31 March 2016 are trustee and registrar fees payable of RMB21,375.

(c) Transactions/balances with the group company of the Trustee

The Sub-Fund maintains bank accounts with The Hongkong and Shanghai Banking Corporation Limited and HSBC Bank (China) Company Limited, which are intermediate holding company of the Trustee and RQFII custodian. Information relating to the bank accounts is set out below:

	2016
	<i>RMB</i>
<u>Bank balances</u>	
Bank A	121,581
Bank B	459,126
	<hr/>
	580,707
	<hr/> <hr/>
Bank charges	37,024
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)

(d) Manager's and its related parties' holdings in the Sub-Fund

As at 31 March 2016, units held by the related parties of the Manager are listed below:

	Number of units 2016
Dato' Cheah Cheng Hye*	<u><u>1,000,000</u></u>

* *Dato' Cheah Cheng Hye is a director of the Manager*

(e) Creation and redemption of the Sub-Fund

The Manager and the Trustee entered into a participating agreement with participating dealers to effect applications for creation and redemption of the Sub-Fund. The holding in the Sub-Fund by a related party of the Trustee and Custodian for the period from 20 March 2015 (date of inception) to 31 March 2016 were as follows:

	Units at 20 March 2015 (date of inception)	Units subscribed/ transferred in	Units redeemed/ transferred out	Total units at 31 March 2016
Bank A	<u><u>–</u></u>	<u><u>9,000,000</u></u>	<u><u>(1,000,000)</u></u>	<u><u>8,000,000</u></u>

VALUE CHINA A-SHARE ETF

A Sub-Fund of Value Partners ETFs Trust
(Hong Kong Umbrella Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. REDEEMABLE UNITS IN ISSUE

	Number of units 2016
At the beginning of the period	–
Issue of redeemable units	29,500,000
Redemption of redeemable units	<u>(8,500,000)</u>
At the end of the period	<u>21,000,000</u>

The rights attaching to each unit are as follows:

The holders of the units have the right to receive notice of, attend and vote at meetings of the Sub-Fund, and are entitled to receive all dividends declared and paid by the Sub-Fund.

Any distributable profits of the Sub-Fund may be accumulated or distributed by the Manager, in its absolute discretion. Where distributions are made, the distributable amounts are allocated rateably among the unitholders of the relevant class in accordance with the number of units of the relevant class held by the unitholders respectively on the final record date.

The Sub-Fund does not have any externally imposed capital requirements.

In accordance with the Trust Deed, the net assets of the Sub-Fund are computed at last traded prices of the underlying financial instruments for the purpose of calculating redemption amounts of the redeemable units.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**9. DISTRIBUTIONS TO UNITHOLDERS**

	2016
	<i>RMB</i>
Amount available for distribution at the beginning of the period	—
Dividend income	3,909,775
Withholding tax	(411,236)
	3,498,539
Distributions to unitholders	(3,250,000)
Amount available for distribution carried forward	248,539

Distribution history

Distribution per unit	RMB0.13
Date of distribution	29 December 2015

10. FAIR VALUE INFORMATION

The Sub-Fund's financial instruments are carried at fair value on the statement of financial position. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including accounts payables and accrued expenses, the carrying amounts approximate to their fair values due to the immediate or short-term nature of these financial instruments.

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in IFRS 7, Financial instruments: Disclosures, with the fair value of the financial instruments categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined in note 2(d)(iv) to the financial statements.

VALUE CHINA A-SHARE ETF

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. FAIR VALUE INFORMATION (Continued)

(a) Financial instruments carried at fair value (Continued)

2015

RMB

Financial assets designated as at fair value through profit or loss:

Listed equity securities 124,923,676

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets (by class) measured at fair value as at the reporting date.

As at 31 March 2016	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Listed equity securities	<u>122,441,758</u>	<u>–</u>	<u>2,481,918</u>	<u>124,923,676</u>

As at 31 March 2016, investments amounting to RMB2,481,918 represent two suspended listed equity securities. The Manager considers that the amount of the Level 3 investments is not significant to the Sub-Fund, changes in the inputs to the valuation models do not have a significant effect on the net asset value of the Sub-Fund. No quantitative analysis has been presented.

The table below summarises the key unobservable inputs adopted by the Manager in determining the fair value of the suspended listed equity securities.

As at 31 March 2016	Fair value RMB	Valuation technique	Unobservable input
Suspended listed equity securities	2,481,918	Price to book multiple ("P/B") and price to earnings multiple ("P/E")	Average industry P/B, average industry P/E and liquidity discount

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. FAIR VALUE INFORMATION (Continued)

(a) Financial instruments carried at fair value (Continued)

During the period ended 31 March 2016, there have been transfers of investments between Level 1 and Level 3 due to suspensions of trading.

Transfers between Level 1 and Level 3

As at 31 March 2016, the Sub-Fund reclassified two listed equity securities, amounting to RMB2,481,918 from Level 1 to Level 3 due to suspensions of trading. These suspended equity securities are namely, (1) DHC Software Co., Ltd (stock code: 002065) and (2) Xiamen C&D Inc (stock code: 600153). The Manager did not expect the trading of such listed equities would resume before the date of authorisation of the Sub-Fund's financial statements for the period from 20 March 2015 (date of inception) to 31 March 2016.

The following table presents the movement in level 3 investments for the period. The transfer between Level 1 and Level 3 of the fair value hierarchy is deemed to have occurred at the beginning of the reporting period.

	2016
	<i>RMB</i>
Opening balance	–
Transfer from level 1 to 3	2,076,854
Unrealised gains	405,064
	<hr/>
Closing balance	2,481,918
	<hr/> <hr/>
Change in unrealised gains for the period included in the statement of comprehensive income for the investments held at the end of the period	405,064
	<hr/> <hr/>

Other than the transfers disclosed above, there were no significant transfers between Level 1, Level 2 or Level 3 of fair value hierarchy during the period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. SEGMENT REPORTING

The Manager makes strategic resource allocation and assesses performance on behalf of the Sub-Fund and has determined the operating segments based on the reports reviewed which are used to make strategic decisions.

The Manager considers that the Sub-Fund has a single operating segment which is investing in a diversified portfolio of equity securities with the objective as stated in the investment objective and policies of the Sub-Fund.

The segment information provided to the Manager is the same as that disclosed in the statement of comprehensive income and statement of financial position.

The Sub-Fund is established and domiciled in Hong Kong. The majority of the Sub-Fund's investment income is derived from its investments domiciled in PRC for the period ended 31 March 2016.

The Sub-Fund has no assets classified as non-current as at 31 March 2016.

12. SOFT COMMISSION ARRANGEMENTS

The Manager and/or any company associated with it and its delegates may enter into soft dollars/commission sharing arrangements with brokers through which brokerage transactions are entered on behalf of clients under management. The Manager may receive, and are entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Sub-Fund (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out (the "brokers"). Soft dollars may be received from them provided that the quality of transaction execution is consistent with best execution standards and brokerage rates are not in excess of the customary full-service brokerage rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. SOFT COMMISSION ARRANGEMENTS (Continued)

Such soft dollar benefits may include research and advisory services; economic and political analysis; portfolio analysis, including valuation and performance measurement; market analysis, data and quotation services and software incidental to the above goods and services; clearing and custodian services and investment related publications. For the avoidance of doubt, soft dollar benefits do not include travel, accommodation, entertainment, general administrative goods and services, general office equipment or premises, membership fees, employee salaries or direct money payments.

The Manager will consider many judgemental factors deemed relevant in determining whether a broker will provide best execution. In general, investment orders will be allocated to brokers based on the range and overall quality of services offered by the broker. The core factors in determining the quality of services are the execution performance and capability of the broker. Other factors, such as the quality and quantity of research and investment ideas offered, access to potential investee companies and commission rate charges, would also be taken into consideration. Soft dollar benefits received from brokers should not be a determinant factor on allocating orders among brokers. The Manager has implemented policies and procedures to ensure that transactions executed with brokers pursuant to a soft dollar commission sharing arrangement are conducted in the best execution standard. Soft dollars benefits received by the Manager are used to facilitate in the Manager's investment management process, such benefits assist the Manager in fulfilling its overall duty to clients and may be used in servicing any or all of the Manager's client accounts over which the Manager exercises investment discretion. The Manager does not usually attempt to allocate/attribute the soft dollar benefits to individual client account, as goods and services obtained may be beneficial to all clients in general, including those client accounts that do not generate credit to acquire the soft dollar benefits.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Sub-Fund's financial statements are listed below. The Sub-Fund intends to adopt applicable standards when they become effective.

IFRS 9 Financial Instruments – Classification and Measurement (effective 1 January 2018)

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The Sub-Fund is currently assessing the impact of the standard upon adoption.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

Amendments to IAS 1 – Disclosure Initiative (effective 1 January 2016)

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significant change, existing IAS 1 requirements. The amendments clarify the following:

- (i) the materiality requirement in IAS 1;
- (ii) that specific line items in the statement of comprehensive income and the statement of financial position may be disaggregated;
- (iii) that entities have flexibility as to the order in which they present the notes to financial statements; and
- (iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and Trustee on 20 July 2016.

VALUE CHINA A-SHARE ETF

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 MARCH 2016

	Holdings	Fair value RMB	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
<i>China</i>			
Agricultural Bank of China Ltd	1,843,700	5,899,840	4.71
Bank of China Ltd	1,101,400	3,744,760	2.99
Bank of Communications Co Ltd	881,800	4,911,626	3.92
Bank of Ningbo Co Ltd	65,100	876,897	0.70
Baoshan Iron and Steel Co Ltd	198,041	1,039,715	0.83
Changjiang Securities Co Ltd	146,000	1,500,880	1.20
China Construction Bank Co Ltd	472,600	2,292,110	1.83
China Everbright Bank Co Ltd	728,300	2,731,125	2.18
China Life Insurance Co Ltd	76,200	1,818,132	1.45
China Merchants Securities Co Ltd	75,900	1,357,851	1.08
China Minsheng Banking Co Ltd	1,220,136	11,115,439	8.88
China Petroleum & Chemical Corp	499,100	2,375,716	1.90
China Railway Construction Corp Ltd	144,500	1,619,845	1.29
China Railway Group Ltd	291,900	2,349,795	1.88
China Shenhua Energy Co Ltd	103,000	1,448,180	1.16
CITIC Securities Co Ltd	405,800	7,223,240	5.77
DHC Software Co Ltd	46,700	1,172,170	0.94
Gemdale Corp	203,500	2,364,670	1.89
GF Securities Co Ltd	120,304	2,011,483	1.61
Guangxi Wuzhou Zhongheng Group Co Ltd	134,300	660,756	0.53
Guosen Securities Co Ltd	64,508	1,059,221	0.85
Guoyuan Securities Co Ltd	47,387	877,607	0.70
Haitong Securities Co Ltd	313,000	4,472,770	3.57
Heilan Home Co Ltd	73,000	840,230	0.67
Hua Xia Bank Co Ltd	184,110	1,870,558	1.49

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 MARCH 2016

	Holdings	Fair value RMB	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>China (Continued)</i>			
Huatai Securities Co Ltd	119,700	2,048,067	1.64
Industrial Bank Co Ltd	627,486	9,744,858	7.78
Industrial Securities Co Ltd	197,817	1,738,811	1.39
Kangmei Pharmaceutical Co Ltd	149,080	2,324,157	1.86
Luzhou Laojiao Co Ltd	33,400	823,310	0.66
Offshore Oil Engineering Co Ltd	90,300	647,451	0.52
Pacific Securities Co Ltd	136,530	942,057	0.75
Ping An Insurance (Group) Co of China Ltd	396,500	12,612,665	10.08
SAIC Motor Corp Ltd	120,760	2,422,446	1.94
Shanghai Fosun Pharmaceutical (Group) Co Ltd	49,600	988,528	0.79
Shanghai Pharmaceuticals Holding Co Ltd	39,500	676,635	0.54
Shanghai Pudong Development Bank Co Ltd	516,562	9,261,957	7.40
Shanghai Tunnel Engineering Co Ltd	80,600	664,144	0.53
Shanghai Yuyuan Tourist Mart Co Ltd	45,700	587,245	0.47
Shenergy Co Ltd	109,400	664,058	0.53
Shenzhen Overseas Chinese Town Co Ltd	163,200	1,144,032	0.91
Sichuan Chuantou Energy Co Ltd	115,342	986,174	0.79
TCL Corp	375,900	1,439,697	1.15
Tebian Electric Apparatus Stock Co Ltd	136,000	1,238,960	0.99
Weichai Power Co Ltd	85,656	692,100	0.55
Xiamen C&D Inc	74,800	1,309,748	1.05
Xinjiang Goldwind Science & Technology Co Ltd	74,500	1,223,290	0.98
Youngor Group Co Ltd	73,500	1,111,320	0.89
Zhejiang Longsheng Group Co Ltd	117,200	1,243,492	0.99
Zhejiang Zheneng Electric Power Co Ltd	135,100	753,858	0.60

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INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 MARCH 2016

	Holdings	Fair value <i>RMB</i>	% of net assets
Total financial assets at fair value through profit or loss		124,923,676	99.80
Cash and cash equivalents		580,707	0.46
Other net liabilities		<u>(333,589)</u>	<u>(0.26)</u>
Total net assets		<u>125,170,794</u>	<u>100.00</u>
Total investments, at cost		<u>151,287,188</u>	

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE PERIOD FROM 20 MARCH 2015 (DATE OF INCEPTION) TO 31 MARCH 2016

	% of net assets
	2016
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	
Listed equity securities	
China	99.80
Total financial assets at fair value through profit or loss	99.80
Cash and cash equivalents	0.46
Other net liabilities	(0.26)
Total net assets	100.00

VALUE CHINA A-SHARE ETF

A Sub-Fund of Value Partners ETFs Trust
(Hong Kong Umbrella Unit Trust)

PERFORMANCE RECORD (UNAUDITED)

FOR THE PERIOD FROM 20 MARCH 2015 (DATE OF INCEPTION) TO 31 MARCH 2016

Net asset value (at last traded prices)

	Net asset value per unit <i>RMB</i>	Net asset value <i>RMB</i>
As at 31 March 2016	5.9605	125,170,794

Highest and lowest net asset value per unit (at last traded prices)

	Highest net asset value per unit <i>RMB</i>	Lowest net asset value per unit <i>RMB</i>
Period ended 31 March 2016	9.0835	5.3097