



VALUE CHINA ETF (Stock code: 3046)

2020 ANNUAL REPORT

For the period from 1 April 2020 to 27 October 2020 (termination date)



Sensible Asset Management 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.*

CONTENTS

	<i>Pages</i>
General information	2-3
Statement of responsibilities of the Manager and the Trustee	4
Trustee's report to the unitholders	5
Independent auditor's report to the unitholders	6-10
Audited financial statements	
Statement of financial position	11
Statement of comprehensive income	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to financial statements	15-38
Statement of movements in portfolio holdings (unaudited)	39
Performance record (unaudited)	40

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
Mr. Cheung Kin Yan
Dr. Au King Lun
(resigned on 27 April 2020)

Trustee and Registrar

HSBC Institutional Trust Services (Asia)
Limited
1 Queen's Road Central
Hong Kong

Legal Advisor

Simmons & Simmons
30/F, One Taikoo Place
979 King's Road
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 awards (ETF)	
2018	<ul style="list-style-type: none">• Benchmark Fund of the Year Awards 2018, Hong Kong Commodity ETF House: Best-In-Class – <i>Benchmark</i>
2017	<ul style="list-style-type: none">• Benchmark Fund of the Year Awards 2017, Hong Kong House Award (ETF) – Commodity ETF (Outstanding Achiever) – <i>Benchmark</i>
2016	<ul style="list-style-type: none">• ETF and Indexing Awards 2016<ul style="list-style-type: none">– Best ETF Launch– Best Commodity ETF– Best Smart Beta ETF– <i>Asia Asset Management & ETFI Asia</i>

VALUE CHINA ETF

(A Hong Kong Unit Trust)

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager of Value China ETF is required by the Code on Unit Trusts and Mutual Funds established by the Hong Kong Securities and Futures Commission (the "SFC Code") and the Trust Deed dated 20 November 2009, as amended, (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 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 Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the 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 Fund is required to:

- ensure that the 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 Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

TRUSTEE'S REPORT TO THE UNITHOLDERS OF VALUE CHINA ETF

We hereby confirm that, in our opinion, the Manager has, in all material respects, managed Value China ETF in accordance with the provisions of the Trust Deed dated 20 November 2009 as amended by one supplemental deeds dated 1 January 2020 for the period ended 27 October 2020 (termination date).

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

Trustee
22 January 2021

VALUE CHINA ETF

(A Hong Kong Unit Trust)

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE CHINA ETF

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Value China ETF (a Hong Kong Unit Trust and referred to as the "Fund") set out on pages 11 to 38, which comprise the statement of financial position as at 27 October 2020 (termination date), and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 1 April 2020 to 27 October 2020 (termination date), and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 27 October 2020 (termination date), and of its financial performance and its cash flows for the period from 1 April 2020 to 27 October 2020 (termination date) in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").

Emphasis of matter

We draw attention to note 2(b) to the financial statements which describes that the financial statements as at 27 October 2020 (termination date) have not been prepared on a going concern basis, our opinion is not modified in respect of this matter.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the *Code of Ethics for Professional Accountants* ("the Code") issued by Hong Kong Institute of Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
VALUE CHINA ETF (Continued)**

Report on the audit of the financial statements (Continued)

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Net losses on financial assets at fair value through profit or loss	
<p>For the period from 1 April 2020 to 27 October 2020 (termination date), the Fund recorded net losses on financial assets at fair value through profit or loss amounting to HK\$1,815,090.</p> <p>We focused on this area because the net losses on financial assets at fair value through profit or loss represented one of the key components of the statement of profit or loss and other comprehensive income.</p> <p>Disclosures of the net losses on financial assets at fair value through profit or loss are set out in note 5 to the financial statements.</p>	<p>We obtained an understanding of the design and operating effectiveness of the Fund's key controls in respect of the recognition and measurement of net losses on financial assets at fair value through profit or loss. On a sample basis, we agreed the net losses on financial assets at fair value through profit or loss by obtaining the broker statements and agreed the trade details and the cash settlement from the sale of the financial assets at fair value through profit or loss to the Fund's accounting records. We evaluated the appropriateness of the financial statement disclosure regarding the net losses on financial assets at fair value through profit or loss as set out in note 5 to the financial statements against the requirements of IFRS.</p>
Dividend income	
<p>For the period from 1 April 2020 to 27 October 2020 (termination date), the Fund recorded dividend income to HK\$5,440,915.</p> <p>We focused on this area because the dividend income represented one of the key components of the statement of profit or loss and other comprehensive income.</p> <p>Disclosures of the dividend income are set out in note 6 to the financial statements.</p>	<p>We obtained an understanding of the design and operating effectiveness of the Fund's key controls in respect of the recognition and measurement of dividend income. On a sample basis, we agreed the dividend income by obtaining the dividend notices and bank statements, and agreed the cash settlement to the Fund's accounting records. We evaluated the appropriateness of the financial statement disclosure regarding the net losses from financial assets at fair value through profit or loss as set out in note 6 to the financial statements against the requirements of IFRS.</p>

Other information included in the Annual Report

The Trustee and the Manager are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE CHINA ETF (Continued)

Report on the audit of the financial statements (Continued)

Other information included in the Annual Report (Continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee and the Manager for the financial statements

The Trustee and the Manager of the Fund are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, 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.

In preparing the financial statements, the Trustee and the Manager of the Fund are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee and the Manager either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

In addition, the Trustee and the Manager of the Fund are required to ensure that the financial statements have been properly prepared in accordance with the relevant provisions of the Trust Deed dated 20 November 2009 as amended or supplemented from time to time ("the Trust Deed") and the relevant disclosure provisions of Appendix E of the Code on Unit Trusts and Mutual Funds (the "SFC Code") issued by the Hong Kong Securities and Futures Commission.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. In addition, we are required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE CHINA ETF (Continued)

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee and the Manager.
- Conclude on the appropriateness of the Trustee's and the Manager's use of the going concern basis of accounting. When such use is inappropriate and the Manager and the Trustee use an alternative basis of accounting, we conclude on the appropriateness of the Manager's and the Trustee's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustee and the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Trustee and the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF VALUE CHINA ETF (Continued)

Report on the audit of the financial statements (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

From the matters communicated with the Trustee and the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on matters under the relevant provisions of the Trust Deed and the relevant disclosure provisions of Appendix E of the SFC Code

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 relevant disclosure provisions of Appendix E of the SFC Code.

The engagement partner on the audit resulting in this independent auditor's report is Wong, Man Kin:

Ernst & Young

Certified Public Accountants

22/F, CITIC Tower

1 Tim Mei Avenue

Central

Hong Kong

22 January 2021

STATEMENT OF FINANCIAL POSITION
AS AT 27 OCTOBER 2020 (TERMINATION DATE)

		27 October 2020	31 March 2020
	<i>Notes</i>	<i>(termination date)</i>	<i>HK\$</i>
		<i>HK\$</i>	<i>HK\$</i>
ASSETS			
Financial assets at fair value through profit or loss	4, 11	–	103,865,540
Due from the Manager	8(g)	–	7,800
Prepayments and other receivables		–	75,390
Cash and cash equivalents	4, 8(e)	–	627,436
TOTAL ASSETS		–	104,576,166
LIABILITIES			
Audit fees payable		–	34,061
Management fees payable	8(a)	–	9,226
Trustee and registrar fees payable	8(b)	–	9,226
Other payables		–	125,211
TOTAL LIABILITIES		–	177,724
TOTAL EQUITY		–	104,398,442
Represented by:			
Net assets attributable to unitholders		–	104,398,442
Net asset value per unit based on Nil			
(31 March 2020: 3,200,000)			
units outstanding	9, 12	–	32.62

Approved and authorised for issue by the Manager and the Trustee on 22 January 2021.

Signed by:

Sensible Asset Management Hong Kong Limited, *Manager*

HSBC Institutional Trust Services (Asia) Limited, *Trustee*

The notes on pages 15 to 38 form part of these financial statements.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 27 OCTOBER 2020 (TERMINATION DATE)

		Period from 1 April 2020 to 27 October 2020 (termination date)	Year ended 31 March 2020
	Notes	HK\$	HK\$
Dividend income	6	5,440,915	8,954,163
Interest income		344	1,499
Net losses from financial assets at fair value through profit or loss	5	(1,815,090)	(29,513,584)
Net foreign exchange gains/(losses)		250	(112)
Other income		1,243	14,328
Net investment income/(loss)		3,627,662	(20,543,706)
Management fees	8(a)	43,515	154,374
Trustee and registrar fees	8(b)	45,038	154,375
Transaction fees	8(c)	228,467	366,785
Licence fees		63,610	238,605
Auditor's remuneration		96,689	142,007
Legal and professional fees	8(d)	425,248	459,889
Bank charges	8(e)	788	200
Listing fees		11,270	15,114
Other operating expenses		97,391	255,753
Operating expenses		1,012,016	1,787,102
Profit/(loss) before taxation		2,615,646	(22,330,808)
Withholding tax	7	(385,058)	(521,606)
Profit/(loss) after taxation and total comprehensive income for the period/year		2,230,588	(22,852,414)

The notes on pages 15 to 38 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM 1 APRIL 2020 TO 27 OCTOBER 2020 (TERMINATION DATE)

		Period from 1 April 2020 to 27 October 2020 (termination date)	Year ended 31 March 2020
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
BALANCE AT THE BEGINNING OF THE PERIOD/YEAR		104,398,442	186,190,694
Redemption of redeemable units	9	<u>(13,492,070)</u>	<u>(50,979,838)</u>
Net decrease from unit transactions		(13,492,070)	(50,979,838)
Distributions to unitholders	10	<u>(93,136,960)</u>	<u>(7,960,000)</u>
TOTAL TRANSACTIONS WITH UNITHOLDERS		<u>(106,629,030)</u>	<u>(58,939,838)</u>
PROFIT/(LOSS) AFTER TAXATION AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		<u>2,230,588</u>	<u>(22,852,414)</u>
BALANCE AT THE END OF THE PERIOD/YEAR		<u><u>–</u></u>	<u><u>104,398,442</u></u>

The notes on pages 15 to 38 form part of these financial statements.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 1 APRIL 2020 TO 27 OCTOBER 2020 (TERMINATION DATE)

		Period from 1 April 2020 to 27 October 2020 (termination date)	Year ended 31 March 2020
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
OPERATING ACTIVITIES			
Dividends received		5,440,915	8,954,163
Interest income received		344	1,573
Proceeds from sales of investments		146,582,879	195,116,391
Purchase of investments		(44,532,429)	(142,821,143)
Operating expenses paid		(1,105,057)	(1,911,174)
Withholding tax paid		(385,058)	(521,606)
		<u>106,001,594</u>	<u>58,818,204</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
		-----	-----
FINANCING ACTIVITIES			
Payments on redemption of redeemable units	9	(13,492,070)	(50,979,838)
Distributions paid to unitholders	10	(93,136,960)	(7,960,000)
		<u>(106,629,030)</u>	<u>(58,939,838)</u>
CASH FLOWS USED IN FINANCING ACTIVITIES			
		-----	-----
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(627,436)	(121,634)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD/YEAR			
		<u>627,436</u>	<u>749,070</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR			
		<u>-----</u>	<u>627,436</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at banks	8(e)	<u>-----</u>	<u>627,436</u>

The notes on pages 15 to 38 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL

Value China ETF (the “Fund”) is an open-ended unit trust governed by its Trust Deed dated 20 November 2009 (the “Trust Deed”), as amended from time to time under the laws of Hong Kong. The 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 Fund is also listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (a subsidiary of the Hong Kong Exchanges and Clearing Limited).

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

To achieve the investment objective, Sensible Asset Management Hong Kong Limited (the “Manager”) intends to use primarily a full replication strategy to track the performance of the Index. Depending on the market conditions, the Manager may also utilise a representative sampling strategy or invest in derivatives to achieve the Fund’s investment objective.

Although the Fund invests primarily in securities included in the Index, the Fund may also invest in other investments including, but not limited to, futures contracts, options on futures contracts, options, swaps, warrants and other financial instruments related to the Index or its constituents, local currency and foreign currency exchange contracts, cash and cash equivalents and other financial instruments which the Manager believes will help the Fund achieve its investment objective.

In order to maximise portfolio management efficiency, and minimise transaction costs and tracking errors, exposure to the Index may also be obtained through other index-tracking strategies or financial instruments from which the return to the Fund will substantially reflect the performance of the Index. These strategies and instruments are chosen based on their correlation to the Index or its constituents and cost efficiency in order to reflect the characteristics of the Index.

Pursuant to the announcement dated 24 July 2020, Sensible Asset Management Hong Kong Limited (the “Manager”) notified to all its existing investors regarding its liquidation plan of the Fund. The Manager decided to terminate the Trust and the Fund under clause 35.5(A) of the Trust Deed (“Termination”), and voluntarily seek the withdrawal of authorization of the Trust and the Fund (“Deauthorisation”) from the SFC under section 106 of the SFO and the delisting of the Fund (“Delisting”) from the Stock Exchange of Hong Kong Limited (the “SEHK”).

The last trading day of the units of the Fund on the Stock Exchange of Hong Kong Limited (the “SEHK”) was 26 August 2020 (the “Last Trading Day”). No dealings of the units on the SEHK and redemption of units were permitted from 27 August 2020 (the “Trading Cessation Date”). The Fund started to liquidate all investments and ceased to be able to track the underlying index on the Trading Cessation Date.

On 7 September 2020, the Manager declared the Fund’s distribution to the investors who were recorded as holding units in the Fund as at close of business on 31 August 2020 (the distribution record date). The distribution was paid on 14 September 2020.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. GENERAL (Continued)

On 23 October 2020, the Manager announced that the Trustee and the Manager had formed an opinion on 22 October 2020 that the Fund had no outstanding contingent or actual liabilities or assets and the termination process had been completed. The Manager also announced that the Hong Kong Securities and Futures Commission has approved the deauthorisation of the Fund and the SEHK has approved the delisting of the Fund from the SEHK.

On 27 October 2020, the Fund was terminated and delisted on the SEHK.

2. SIGNIFICANT ACCOUNTING POLICIES

Other than as adjusted for the adoption of the liquidation basis as disclosed in note 2(b) to the financial statements, the significant accounting policies applied in the preparation of these financial statements are set out below.

(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 of Appendix E of the SFC Code.

(b) Basis of preparation

The functional currency of the financial statements of the Fund is the Hong Kong dollar (“HK\$”), reflecting the fact that most of the transactions are denominated in HK\$, and units of the Fund are issued in HK\$.

The financial statements are prepared under the historical cost convention, except for financial instruments at fair value through profit or loss (“FVPL”). These financial statements are presented in HK\$.

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)

As mentioned in note 1 to the financial statements, the Manager resolved to terminate the Fund on 24 July 2020 and was terminated and delisted on 27 October 2020 (termination date). The financial statements for the year ended 31 March 2020 adopted going concern basis while the financial statements for the current period have been prepared on a liquidation basis. All assets have been disposed and there were no assets on the statement of financial position as at year end, no adjustments were made. As the Manager will bear all costs and expenses associated with the Termination, Deauthorisation and Delisting (other than the operating expenses such as transaction costs and any taxes relating to the realisation of assets of a Fund) from 1 April 2020 to 27 October 2020 (termination date), the Fund has not made any provision in respect of such costs and expenses.

Due to the fact that these financial statements cover a period of less than twelve months from 1 April 2020 to 27 October 2020 (termination date), the amounts presented in these financial statements and the related explanatory notes for the period from 1 April 2020 to 27 October 2020 (termination date) are not entirely comparable with the amounts presented for the year ended 31 March 2020 which were extracted from the Fund's financial statements for the year ended 31 March 2020.

(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 HK\$ at the foreign currency closing exchange rate ruling at the end of the reporting period. 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 HK\$ 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(d) Financial instruments****(i) Classification**

In accordance with IFRS 9, the Fund classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below. In applying that classification, a financial asset or financial liability is considered to be held for trading if:

- (i) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; or
- (ii) On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which, there is evidence of a recent actual pattern of short-term profit-taking; or
- (iii) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets

The Fund classifies its financial assets as subsequently measured at amortised cost or measured at fair value through profit or loss on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including accrued income.

Financial assets measured at FVPL

A financial asset is measured at FVPL if:

- (i) Its contractual terms do not give rise to cash flows on specified dates that are SPPI on the principal amount outstanding; or
- (ii) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (iii) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category instruments held for trading. This category includes equity instruments which are acquired principally for the purpose of generating a profit from short-term fluctuations in price.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(i) Classification (Continued)

Financial liabilities

Financial liabilities measured at amortised cost

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category other short-term payables.

(ii) Recognition

The 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 or losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(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 those on other financial instruments, are amortised.

Subsequent to initial recognition, all financial instruments are measured at fair value with changes in the 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.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(iv) *Fair value measurement principles*

The 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 end of the reporting period without any deduction for estimated future selling cost. The Fund utilises the last traded price for both listed financial assets and liabilities.

The 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.

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 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 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 IFRS 9.

The 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 or cancelled, or expired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Impairment of financial assets

The Fund holds only receivables with no financing component and which have maturities of less than 12 months at amortised cost and, as such, has chosen to apply an approach similar to the simplified approach for expected credit losses (“ECLs”) under IFRS 9 to all its trade receivables. Therefore, the Fund does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Fund’s approach to ECLs reflects a probability-weighted outcome, the time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(f) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is generally not the case with master netting agreements unless one party to the agreement defaults and the related assets and liabilities are presented gross in the statement of financial position.

(g) 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.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts where applicable.

(h) 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 is recognised in profit or loss on the ex-dividend date. In some cases, the Fund may choose to receive dividends in the form of additional shares rather than cash. In such cases, the Fund recognises the dividend income for the amount of the cash dividend alternative with the corresponding debit treated as an additional investment.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Net change in unrealised gains or losses on financial assets at FVPL

This item includes changes in the fair value of financial assets and liabilities as at FVPL and excludes interest and dividend income and expenses.

Unrealised gains and losses comprise changes in the fair value of financial instruments for the period and from reversal of prior period's unrealised gains and losses for financial instruments which were realised in the reporting period.

(j) Net realised losses on financial assets at FVPL

Realised gains and losses on disposals of financial instruments classified as at FVPL are calculated using the weighted average method. They represent the difference between an instrument's average cost and disposal amount.

(k) Expenses

All expenses, including management fees and trustee and registrar fees, are recognised in profit or loss on an accrual basis.

(l) 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. In the statement of comprehensive income line item is the net foreign exchange gain/loss which is the foreign exchange gain/loss on monetary financial assets and financial liabilities other than those classified as designated at fair value through profit or loss.

(m) Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the income of the 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 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.

(n) Redeemable units

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

The Fund has only one class of redeemable units in issue and they are the most subordinate class of financial instruments in the 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 Fund's net assets at each redemption date and also in the event of the Fund's liquidation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Redeemable units (continued)

A puttable financial instrument that includes a contractual obligation for the 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 Fund's net assets in the event of the 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 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 Fund over the life of the instrument.

In addition to the redeemable units of the Fund which should have all of the above features, it must not have other financial instruments or contracts that have:

- (a) Total cash flows based substantially on the 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 Fund; and
- (b) The effect of substantially restricting or fixing the residual return to the redeemable unitholders.

The 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)****(o) Related parties**

A party is considered to be related to the 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 Fund;
 - (ii) has significant influence over the Fund; or
 - (iii) is a member of the key management personnel of the Fund or of a parent of the Fund;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the 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 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 Fund or an entity related to the 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 Fund or to the parent of the Fund.

(p) Segment reporting

An operating segment is a component of the 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 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 Fund is identified as the Manager.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Distributions to unitholders

Distributions are at the discretion of the Fund. A distribution to the Fund's unitholders is accounted for as a deduction from net assets attributable to unitholders. A proposed distribution is recognised as a liability in the year in which it is approved by the Manager.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the 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.

Taxation

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.

4. FINANCIAL RISK MANAGEMENT

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

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

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

The risk and respective risk management policies employed by the 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 Fund's overall currency positions are monitored on a daily basis by the Manager.

As at 27 October 2020 (termination date) and 31 March 2020, the Fund was not exposed to significant foreign currency risk. The majority of assets and liabilities are denominated in HK\$, which is the functional currency of the Fund.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

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 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 Fund's overall market positions are monitored on a daily basis by the Manager.

As at 27 October 2020 (termination date), the Fund did not hold any financial asset at fair value through profit or loss and hence were not subject to price risk.

As at 31 March 2020, the Fund's overall market exposures and estimated market sensitivity are as follows:

	Percentage change as at 31 March 2020	Estimated impact on net assets as at 31 March 2020 HK\$
FTSE Value-Stocks China Index	+/-20%	+/-20,773,078

(iii) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest-bearing. As a result, the 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 Fund. Potential credit risk to the Fund principally relates to financial assets at fair value through profit or loss, cash and cash equivalents and other receivables.

The 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 the Manager considers them to be well-established. All transactions in listed securities are settled/paid for upon delivery through 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.

As at 27 October 2020 (termination date), the Fund did not hold any financial assets at fair value through profit or loss, cash and cash equivalents and other receivables and hence were not subject to credit risk.

The table below shows the major counterparties at the end of the reporting period. The credit ratings are issued by Standard & Poor's:

Counterparty	Credit rating as at 31 March 2020	As at 31 March 2020 HK\$
Bank A	AA-	627,436
Custodian A	AA-	103,865,540

(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 Fund by conducting liquidity testing on the investment portfolio on a monthly and ad-hoc basis.

The Fund's equity investments are considered to be readily realisable under normal market conditions as they are all listed on the Stock Exchange.

The Fund is exposed to daily redemption of units. The Manager considered that there is no significant liquidity risk on redemption of units. As at 31 March 2020, the contractual maturity of all other liabilities is less than one year.

As at 27 October 2020 (termination date), the Fund did not hold any financial assets and financial liabilities and hence were not subject to any liquidity risk.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. FINANCIAL RISK MANAGEMENT (continued)

(d) Concentration risk

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 index and the excess is only transitional and temporary in nature.

As at 27 October 2020 (termination date), the Fund did not have any index securities that accounted for more than 10% of their respective net asset value.

Constituent securities that accounted for more than 10% of the net asset value of the Fund as at 31 March 2020 were as follows:

	Respective Weighting in the tracked index	Respective Weighting in the Fund's net asset value
As at 31 March 2020		
Agricultural Bank of China Ltd H Shrs	13.44%	13.37%

5. NET LOSSES FROM FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Period from 1 April 2020 to 27 October 2020 (termination date) <i>HK\$</i>	Year ended 31 March 2020 <i>HK\$</i>
Net realised losses	(25,883,402)	(24,014,552)
Change in unrealised gain/ losses	<u>24,068,312</u>	<u>(5,499,032)</u>
	<u>(1,815,090)</u>	<u>(29,513,584)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. DIVIDEND INCOME

Dividend income is gross distribution from the financial assets at fair value through profit or loss. Dividend income of HK\$5,440,915 (year ended 31 March 2020: HK\$8,954,163) were charged to profit or loss during the period. No dividend receivable is recognised as at 27 October 2020 (termination date) and 31 March 2020.

7. TAXATION

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

Certain dividends received by the Fund are subject to withholding tax imposed in the country of origin. Dividend income is recorded gross of such taxes and the withholding tax is recognised in profit or loss as incurred.

8. 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 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 Fund appointed the Manager, an investment management company incorporated in Hong Kong, to implement the investment strategy as specified in the Trust Deed. With effect from 1 May 2017, the management fees were reduced to 0.1% per annum of the net asset value in accordance with the announcement dated 24 April 2017. The fees are accrued daily and calculated as at each dealing day and payable monthly in arrears. Management fees of HK\$43,515 (year ended 31 March 2020: HK\$154,374) were charged to profit or loss during the period. No management fees payable is recognised included in liabilities as at 27 October 2020 (termination date) (year ended 31 March 2020: HK\$9,226).

(b) Trustee and registrar fees

The Fund appointed HSBC Institutional Trust Services (Asia) Limited (the "Trustee"), a registered trust company incorporated in Hong Kong, to implement the responsibilities as specified in the Trust Deed. For the period ended 27 October 2020 (termination date), the Trustee is entitled to receive trustee and registrar fees of 0.10% (year ended 31 March 2020: 0.10%) per annum of the net asset value of the Fund. For the period ended 27 October 2020 (termination date), no trustee fee was waived (year ended 31 March 2020: Nil). For the period ended 27 October 2020 (termination date) and year ended 31 March 2020, the minimum fee requirement of HK\$35,100 per month was waived. The fees are accrued daily and calculated as at each dealing day and payable monthly in arrears.

Trustee and registrar fees of HK\$45,038 (year ended 31 March 2020: HK\$154,375) were charged to profit or loss during the period. No trustee and registrar fees payable is recognised included in liabilities as at 27 October 2020 (termination date) (year ended 31 March 2020: HK\$9,226).

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(c) Transaction fees

Transaction fees of HK\$39 (year ended 31 March 2020: HK\$999) that paid to the Trustee or their connected persons, which is 0.02% (year ended 31 March 2020: 0.02%) of the transaction amount as a brokerage commission were charged to profit or loss during the period. During the period, total transaction through the Trustee or their connected persons is amounted to HK\$193,780 (year ended 31 March 2020: HK\$4,323,143) No transaction fees payable is recognised included in liabilities as at 27 October 2020 (termination date) (year ended 31 March 2020: nil).

(d) Legal and professional fees

Legal and professional fees of HK\$8,914 (year ended 31 March 2020: HK\$1,956) that paid to the Trustee or their connected persons were charged to profit or loss during the period. No legal and professional payable is recognised included in liabilities as at 27 October 2020 (termination date) (year ended 31 March 2020: nil).

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

The Fund maintains an interest-bearing bank account with Hongkong and Shanghai Banking Corporation Limited, which is an intermediate holding company of the Trustee. Information relating to the bank account is set out below:

	As at 27 October 2020 (termination date) HK\$	As at 31 March 2020 HK\$
Cash and cash equivalents	—	627,436
	Period from 1 April 2020 to 27 October 2020 (termination date) HK\$	Year ended 31 March 2020 HK\$
Bank charges	788	200

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(f) Manager's and its related parties' holdings in the Fund

Units held by the related parties of the Manager and the Sub-investment Manager as at 27 October 2020 (termination date) and 31 March 2020 are listed out below:

	Number of units	
	27 October 2020 (termination date)	31 March 2020
Dato' Seri Cheah Cheng Hye ⁱ	–	14,400
Mr. Ho Man Kei, Norman ⁱⁱ	–	26,000
Value Partners Limited ⁱⁱⁱ	–	138,000
Value Partners China Greenchip Fund Limited ^{iv}	–	320,000
Value Partners High-Dividend Stocks Fund ^v	–	273,600
	<u> </u>	<u> </u>

- i. Dato' Seri Cheah Cheng Hye is a director of the Sub-investment Manager.
- ii. Mr. Ho Man Kei, Norman is a director of the Sub-investment Manager.
- iii. Value Partners Limited is a fellow subsidiary of the Manager.
- iv. Value Partners China Greenchip Fund Limited is an investment fund managed by a fellow subsidiary of the Manager.
- v. Value Partners High-Dividend Stocks Fund is an investment fund managed by the Sub-investment Manager.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(g) Outstanding balance from the Manager

	27 October 2020 (termination date) HK\$	31 March 2020 HK\$
Due from the Manager	<u> </u> –	<u> </u> 7,800

The amount arising from expenses paid on behalf of the Manager is unsecured, non-interest-bearing and with no fixed terms of repayment.

9. REDEEMABLE UNITS IN ISSUE

	Number of units	
	27 October 2020 (termination date)	31 March 2020
At the beginning of the period/year	3,200,000	4,600,000
Redemption of redeemable units	<u> </u> (3,200,000)	<u> </u> (1,400,000)
At the end of the period/year	<u> </u> –	<u> </u> 3,200,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. REDEEMABLE UNITS IN ISSUE (Continued)

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 Fund, and are entitled to receive all dividends declared and paid by the Fund.

Any distributable profits of the 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 numbers of units of the relevant class held by the unitholders respectively on the final record date.

The Fund does not have any externally imposed capital requirements.

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

10. DISTRIBUTIONS TO UNITHOLDERS

	27 October 2020 (termination date) <i>HK\$</i>	31 March 2020 <i>HK\$</i>
Amount available for distribution brought forward	<u>2,889,590</u>	<u>2,417,033</u>
Dividend income	5,440,915	8,954,163
Withholding tax	(385,058)	(521,606)
Asset proceeds, net of tax	<u>85,191,513</u>	<u>–</u>
	----- 90,247,370	----- 8,432,557
Distributions to unitholders	<u>----- (93,136,960)</u>	<u>----- (7,960,000)</u>
Amount available for distribution carried forward	<u>----- –</u>	<u>----- 2,889,590</u>
Distribution history		
Distribution per unit	HK\$33.26	HK\$1.99
Date of distribution	27 August 2020	13 December 2019

The Fund distributed all units to its unitholders for the period from 1 April 2020 to 27 October 2020 (termination date) (for the year ended 31 March 2020: Nil).

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. FAIR VALUE INFORMATION

The Fund's financial instruments are carried at fair value in 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 payable 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 13, with the fair value of the financial instruments recognised 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.

	27 October 2020 (termination date) <i>HK\$</i>	31 March 2020 <i>HK\$</i>
Level 1		
Listed equity securities	<u>—</u>	<u>103,865,540</u>

During the period/years ended 27 October 2020 (termination date) and 31 March 2020, there were no transfers between Level 1, Level 2 or Level 3 of the fair value hierarchy.

(b) Financial instruments carried at other than fair value

The carrying amounts of all the Fund's financial assets and financial liabilities at the end of the reporting period approximated to their fair values.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Number of units		
Units in issue at 1 April 2019	4,600,000		
Redemption of units during the year	<u>(1,400,000)</u>		
Units in issue at 31 March 2020 and 1 April 2020	3,200,000		
Redemption of units during the period	<u>(3,200,000)</u>		
Units in issue at 27 October 2020 (termination date)	<u>–</u>		
		Net asset value per unit HK\$	Total net asset value HK\$
As at 27 October 2020 (termination date)		<u>–</u>	<u>–</u>
As at 31 March 2020		<u>32.62</u>	<u>104,398,442</u>

The creation and redemption of units of the Fund can only be facilitated by or through participating dealers. Investors other than the participating dealers make a request to create or redeem units through a participating dealer, and if the investor is a retail investor, such request must be made through a stockbroker which has opened an account with a participating dealer.

The Trustee shall receive subscription proceeds from the participating dealers for the creation of units and pay redemption proceeds for the redemption of units to the relevant participating dealer in such form and manner as prescribed by the Trust Deed.

Units are denominated in HK\$ and no fractions of a unit shall be created or issued by the Trustee. Units of the Fund are offered and issued at their dealing net asset value only in aggregation of a specified number of units (an “Application Unit”). Units are redeemable only in an Application Unit or multiple thereof at the dealing net asset value. Currently, creation and redemption of units will be effected in cash.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. SEGMENT REPORTING

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

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

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

The Fund is established and domiciled in Hong Kong. The majority of the Fund's investment income was derived from its investments domiciled in Hong Kong for the period ended 27 October 2020 (termination date) and year ended 31 March 2020.

The Fund had no assets classified as non-current as at 27 October 2020 (termination date) (year ended 31 March 2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. SOFT COMMISSION ARRANGEMENTS

The Manager and/or any company associated with it and its delegates may enter into soft dollar/commission sharing arrangements with a broker through which brokerage transactions are entered into on behalf of clients under management. The Manager may receive, and is entitled to retain, research products and services (known as soft dollar benefits) which are of demonstrable benefits to the Fund (as may be permitted under applicable rules and regulations) from a broker and other persons through whom investment transactions are carried out (the "broker"). 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.

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 a broker based on the range and overall quality of services offered by a broker. The core factors in determining the quality of services are the execution performance and capability of a 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 a broker should not be a determinant factor on allocating orders among a broker. The Manager has implemented policies and procedures to ensure that transactions executed with a broker pursuant to a soft dollar commission sharing arrangement are conducted in the best execution standard. Soft dollar benefits received by the Manager are used to facilitate in the Manager's investment management process, and 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 accounts, 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.

VALUE CHINA ETF

(A Hong Kong Unit Trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Fund has adopted the following new IFRS for the first time in the current period's financial statements, which is applicable to the Fund. The nature and the impact of the new standard are described below:

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following:

- i. Whether the Fund considers uncertain tax treatments separately
- ii. The assumptions the Fund makes about the examination of tax treatments by taxation authorities
- iii. How the Fund determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- iv. How the Fund considers changes in facts and circumstances

The Fund determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Fund applies significant judgement in identifying uncertainties over income tax treatments. The Fund has assessed that the interpretation does not have a significant impact on the financial statements.

16. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Manager and the Trustee on 22 January 2021.

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE PERIOD ENDED 27 OCTOBER 2020 (TERMINATION DATE)

	% of net assets	
	Period from 1 April 2020 to 27 October 2020 (termination date)	Year ended 31 March 2020
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed Equity Securities		
Hong Kong	—	99.49
Total financial assets at fair value through profit or loss	—	99.49
Cash and cash equivalents	—	0.60
Other net liabilities	—	(0.09)
Total net assets	—	100.00

VALUE CHINA ETF

(A Hong Kong Unit Trust)

PERFORMANCE RECORD (UNAUDITED)

FOR THE PERIOD ENDED 27 OCTOBER 2020 (TERMINATION DATE)

Net asset value

	Net asset value per unit <i>HK\$</i>	Net asset value <i>HK\$</i>
As at 27 October 2020 (termination date)	–	–
As at 31 March 2020	32.62	104,398,442
As at 31 March 2019	40.48	186,190,694
As at 31 March 2018	46.10	267,389,113

Highest and lowest net asset value per unit

	Highest net asset value per unit <i>HK\$</i>	Lowest net asset value per unit <i>HK\$</i>
Period ended 27 October 2020 (termination date)	36.97	–
Year ended 31 March 2020	42.38	29.16
Year ended 31 March 2019	48.25	36.18
Year ended 31 March 2018	52.61	37.11
Year ended 31 March 2017	39.82	29.93
Year ended 31 March 2016	50.24	27.11
Year ended 31 March 2015	41.34	31.82
Year ended 31 March 2014	39.41	30.18
Year ended 31 March 2013	41.69	30.10