



VALUE CHINA ETF (Stock code: 3046)

2016 SEMI-ANNUAL REPORT

For the six months ended 30 September 2016

Sensible Asset Management Hong Kong Limited

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In the event of inconsistency, the English text of this Semi-Annual Report shall prevail over the Chinese text. This report shall not constitute an offer to sell or a solicitation of an offer to buy shares in any of the funds. Subscriptions are to be made only on the basis of the information contained in the prospectus, as supplemented by the latest semi-annual and annual reports.

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VALUE CHINA ETF

(A Hong Kong Unit Trust)

GENERAL INFORMATION

Investment Manager

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

Sub-investment Manager

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

Directors of the Investment Manager

Mr. Chow Wai Chiu William
Mr. So Chun Ki Louis

Trustee and Registrar

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

Legal Advisor

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

Auditor

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue Central
Hong Kong

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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate awards (ETF)	
2016	<ul style="list-style-type: none">• Value Partners ETF and Indexing Awards 2016 – Best ETF Launch – <i>Asia Asset Management & ETFI Asia</i>• Value Partners ETF and Indexing Awards 2016 – Best Commodity ETF – <i>Asia Asset Management & ETFI Asia</i>• Value Partners ETF and Indexing Awards 2016 – Best Smart Beta ETF – <i>Asia Asset Management & ETFI Asia</i>
Value China ETF	
2010	<ul style="list-style-type: none">• Asian ETFs Awards 2010 – Best New ETF in Asia – <i>Republic Partners Ltd., September 2010</i>

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MANAGER'S REPORT

Value China ETF ("the Fund") is an index-tracking exchange traded fund whose units are listed and traded on the Stock Exchange of Hong Kong Limited ("SEHK"). The Fund aims to provide investment results that, before fees and expenses, closely correspond to the performance of the FTSE Value-Stocks China Index ("the Index") by holding a portfolio of the constituent stocks of the Index. The Index comprises 25 value stocks amongst Chinese companies' shares listed in Hong Kong.

As at 30 September 2016, the Net Asset Value ("NAV") per unit of the Fund was HKD36.89, and 3,200,000 units were outstanding. The total size of the Fund was approximately HKD118 million.

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

Total Return in HKD	From 1 April 2016 to 30 September 2016	2016 YTD (as at 30 September)	Since inception
FTSE Value-Stocks China Index	15.5%	7.8%	45.2%
Value China ETF	13.5%	5.6%	27.1%

The difference in performance between the FTSE Value-Stocks China Index and the Value China ETF is mainly attributed to fees and expenses, and security misweightings. The historical tracking error for the NAV of the Fund against the FTSE Value-Stocks China Index was at 48 basis points on an annualized basis since its inception on 10 December 2009.

Sensible Asset Management Hong Kong Limited

25 November 2016

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in HKD, NAV to NAV with dividends reinvested, as at 30 September 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 FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2016

	30.9.2016 <i>HK\$</i>	31.3.2016 <i>HK\$</i>
Assets		
Financial assets at fair value through profit or loss	117,622,064	103,089,844
Dividends receivable	371,924	–
Prepayments and other receivable	20,785	65,864
Cash and cash equivalents	<u>760,901</u>	<u>1,198,738</u>
Total assets	<u>118,775,674</u>	<u>104,354,446</u>
Liabilities		
Audit fees payable	256,242	216,133
Management fees payable	201,777	60,200
Trustee and registrar fees payable	24,425	16,570
Other payables	<u>242,214</u>	<u>58,907</u>
Total liabilities	<u>724,658</u>	<u>351,810</u>
Total equity	<u>118,051,016</u>	<u>104,002,636</u>
Represented by:		
Net assets attributable to unitholders	<u>118,051,016</u>	<u>104,002,636</u>
Net asset value per unit based on 3,200,000 (31.3.2016: 3,200,000) units outstanding	<u>36.89</u>	<u>32.50</u>

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2016

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed Equity Securities			
Hong Kong			
Agricultural Bank of China Ltd	3,477,280	11,544,570	9.78
Bank of China Ltd	5,005,104	17,718,068	15.01
Bank of Communications Co Ltd	1,084,464	6,409,182	5.43
Beijing Enterprises Holdings Ltd	70,128	2,756,031	2.33
China Citic Bank Corp Ltd	1,022,128	5,263,959	4.46
China Communications Construction Co Ltd	596,256	4,859,486	4.12
China Everbright Bank Co Ltd	444,000	1,602,840	1.36
China Everbright Ltd	113,472	1,799,666	1.52
China Merchants Bank Co Ltd	513,152	10,026,990	8.49
China Minsheng Banking Corp Ltd	877,712	7,846,745	6.65
China Vanke Co Ltd	177,088	3,559,469	3.02
Chongqing Rural Commercial Bank Co Ltd	375,728	1,795,980	1.52
Citic Pacific Ltd	665,984	7,365,783	6.24
Country Garden Holdings Co Ltd	959,600	3,924,764	3.32
Dongfeng Motor Group Co Ltd	394,512	3,057,468	2.59
Great Wall Motor Co Ltd	417,408	3,151,430	2.67
Guangzhou Automobile Group Co Ltd	298,064	2,971,698	2.52
PICC Property and Casualty Co Ltd	619,056	7,948,679	6.73
Shanghai Industrial Holdings Ltd	61,120	1,362,976	1.15
Shengjing Bank Co Ltd	132,704	1,060,305	0.90
Shenzhen Investment Ltd	411,232	1,517,446	1.29

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)
AS AT 30 SEPTEMBER 2016

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
<i>Hong Kong (Continued)</i>			
Sino-Ocean Land Holdings Ltd	395,152	1,410,693	1.19
Sinopec Shanghai Petrochemical Co Ltd	470,672	1,840,328	1.56
Wheelock and Co Ltd	109,392	5,004,684	4.24
Xinyi Glass Holdings Ltd	260,032	<u>1,822,824</u>	<u>1.54</u>
Total financial assets at fair value through profit or loss		117,622,064	99.63
Cash and cash equivalents		760,901	0.64
Other net liabilities		<u>(331,949)</u>	<u>(0.27)</u>
Total net assets		<u><u>118,051,016</u></u>	<u><u>100.00</u></u>
Total investments, at cost		<u><u>112,005,158</u></u>	

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STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

AS AT 30 SEPTEMBER 2016

	% of net assets	
	30.9.2016	31.3.2016
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed equity securities		
Hong Kong	<u>99.63</u>	<u>99.12</u>
Total financial assets at fair value through profit or loss	99.63	99.12
Cash and cash equivalents	0.64	1.15
Other net liabilities	<u>(0.27)</u>	<u>(0.27)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>