



VALUE CHINA ETF (Stock code: 3046)

2019 SEMI-ANNUAL REPORT

For the six months ended 30 September 2019

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 units in any of the funds. Subscriptions are to be made only on the basis of the information contained in the prospectus, as supplemented by the latest semi-annual and annual reports.

CONTENTS

	<i>Pages</i>
General information	2-3
Manager's report	4
Statement of financial position (unaudited)	5
Investment portfolio (unaudited)	6
Statement of movements in portfolio holdings (unaudited)	7
Performance record (unaudited)	8
Investment limitation and prohibitions under the SFC code (unaudited)	9

VALUE CHINA ETF

(A Hong Kong Unit Trust)

GENERAL INFORMATION

Investment Manager

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

Sub-investment Manager

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

Directors of the Investment Manager

Mr. So Chun Ki Louis
Dr. Au King Lun
Mr. Quah Kung Beng David
Mr. Cheung Kin Yan

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
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Auditor

Ernst & Young
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GENERAL INFORMATION (Continued)

Key awards

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	
2016	<ul style="list-style-type: none">• 2016 HKCAMA – Bloomberg Offshore China Fund Awards Best Tracking Error (ETF) – First Runner-up – <i>HKCAMA & Bloomberg</i>

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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 2019, the Net Asset Value ("NAV") per unit of the Fund was HKD36.96, and 4,000,000 units were outstanding. The total size of the Fund was approximately HKD 148 million.

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

	From 1 April 2019 to 30 September 2019	2019 YTD (as at 30 September)	Since inception
FTSE Value-Stocks China Index	-8.0%	+0.3%	+70.6%
Value China ETF	-8.7%	-0.6%	+44.1%

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

Sensible Asset Management Hong Kong Limited

20 November 2019

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 2019. Performance data is net of all fees.

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

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 SEPTEMBER 2019

	30.9.2019	31.3.2019
	<i>HK\$</i>	<i>HK\$</i>
ASSETS		
Financial assets at fair value through profit or loss	146,420,245	185,674,372
Due from the Manager	3,900	-
Dividends receivable	1,151,979	-
Prepayments and other receivables	188,030	75,453
Cash and cash equivalents	327,005	749,070
	<u>148,091,159</u>	<u>186,498,895</u>
LIABILITIES		
Audit fees payable	69,840	124,415
Management fees payable	53,454	60,073
Trustee and registrar fees payable	12,710	15,051
Other payables	126,884	108,662
	<u>262,888</u>	<u>308,201</u>
TOTAL ASSETS	<u>148,091,159</u>	<u>186,498,895</u>
TOTAL LIABILITIES	<u>262,888</u>	<u>308,201</u>
TOTAL EQUITY	<u>147,828,271</u>	<u>186,190,694</u>
Represented by:		
Net assets attributable to unitholders	<u>147,828,271</u>	<u>186,190,694</u>
Net asset value per unit based on 4,000,000		
(31.3.2019: 4,600,000) units outstanding	<u>36.96</u>	<u>40.48</u>

VALUE CHINA ETF

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 SEPTEMBER 2019

	Holdings	Fair value HK\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed Equity Securities			
Hong Kong			
Agile Group Holdings Ltd	265,400	2,526,608	1.71
Agricultural Bank of China Ltd H Shrs	5,835,980	17,916,459	12.12
Anhui Conch Cement Co Ltd H Shrs	224,600	10,455,130	7.07
Bank of Communications Co Ltd H Shrs	1,381,440	7,072,973	4.79
Beijing Enterprises Holdings Ltd	97,420	3,511,991	2.38
Brilliance China Automotive Holdings Ltd	523,760	4,410,059	2.98
China CITIC Bank Corp Ltd H Shrs	1,768,180	7,390,992	5.00
China Communications Construction Co Ltd H Shrs	840,580	5,152,755	3.49
China Merchants Port Holdings Co Ltd	246,360	2,907,048	1.97
China Resources Cement Holdings Ltd	415,600	3,266,616	2.21
China Shenhua Energy Co Ltd H Shrs	645,240	10,156,078	6.87
China State Construction International Holdings Ltd	336,520	2,480,152	1.68
China Vanke Co Ltd H Shrs	299,580	8,178,534	5.53
Chongqing Rural Commercial Bank Co Ltd H Shrs	443,740	1,850,396	1.25
CITIC Ltd	931,720	9,224,028	6.24
Country Garden Holdings Co Ltd	1,396,420	13,866,451	9.38
Dongfeng Motor Group Co Ltd H Shrs	542,100	4,038,645	2.73
Kingboard Holdings Ltd	134,900	2,799,175	1.89
New China Life Insurance Co Ltd H Shrs	165,640	5,134,840	3.47
Nine Dragons Paper (Holdings) Ltd	298,520	1,970,232	1.33
Postal Savings Bank of China Co Ltd H Shrs	1,778,720	8,502,282	5.75
Shenzhen Investment Ltd	646,260	1,867,691	1.26
Wheelock & Co Ltd	155,560	6,945,754	4.70
Yanzhou Coal Mining Co Ltd H Shrs	370,600	2,949,976	2.00
Zhejiang Expressway Co Ltd H Shrs	272,180	1,845,380	1.25
Total financial assets at fair value through profit or loss		146,420,245	99.05
Cash and cash equivalents		327,005	0.22
Other net assets		1,081,021	0.73
Total net assets		<u>147,828,271</u>	<u>100.00</u>
Total investments, at cost (inclusive of transaction cost)		<u>168,189,877</u>	

STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

	% of net assets	
	30.9.2019	31.3.2019
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Listed Equity Securities		
Hong Kong	<u>99.05</u>	<u>99.73</u>
Total financial assets at fair value through profit or loss	99.05	99.73
Cash and cash equivalents	0.22	0.40
Other net assets/(liabilities)	<u>0.73</u>	<u>(0.13)</u>
Total net assets	<u><u>100.00</u></u>	<u><u>100.00</u></u>

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PERFORMANCE RECORD (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Comparison of the scheme performance and the actual index performance

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

	From 1 April 2019 to 30 September 2019	From 1 April 2018 to 30 September 2018
FTSE Value-Stocks China Index	-8.0%	-9.2%
Value China ETF	-8.7%	-9.7%

INVESTMENT LIMITATION AND PROHIBITIONS UNDER THE SFC CODE (UNAUDITED)
AS AT 30 SEPTEMBER 2019

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

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

Constituent securities that account for more than 10% of the net asset value of the Fund as at 30 September 2019 and 31 March 2019 are as follows:

	Respective weighting in the tracked index	Respective weighting in the Fund's net asset value
As at 30 September 2019		
Agricultural Bank of China Ltd H Shrs	12.24%	12.12%
As at 31 March 2019		
Agricultural Bank of China Ltd H Shrs	12.98%	12.94%
Bank of China Ltd H Shrs	14.57%	14.54%
Country Garden Holdings Co Ltd	10.56%	10.53%