

VALUE PARTNERS CLASSIC FUND

2016 ANNUAL
REPORT

For the year ended 31 December 2016

Value Partners Hong Kong Limited

9th Floor, Nexxus Building

41 Connaught Road Central, Hong Kong

Tel: (852) 2880 9263 Fax: (852) 2565 7975

Email: vpl@vp.com.hk

Website: www.valuepartners-group.com

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 explanatory memorandum, as supplemented by the latest semi-annual and annual reports.

CONTENTS

	<i>Pages</i>
General information	2-3
Manager's report	4-11
Statement of responsibilities of the Manager and the Trustee	12
Trustee's report	13
Independent auditor's report	14-17
Statement of financial position	18
Statement of comprehensive income	19
Statement of changes in net assets attributable to unitholders	20
Statement of cash flows	21
Notes to the financial statements	22-52
Investment portfolio (unaudited)	53-57
Investment portfolio movements (unaudited)	58
Performance record (unaudited)	59-60

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

GENERAL INFORMATION

Manager

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

Directors of the Manager

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

Trustee, Registrar, Administrator, Custodian and Principal Office

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

Legal Advisors

Deacons
5th Floor, Alexandra House
18 Chater Road
Central
Hong Kong

Auditor

PricewaterhouseCoopers
22nd Floor, Prince's Building
10 Chater Road
Central
Hong Kong

Information available from:

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

Investor hotline : (852) 2143 0688
Fax : (852) 2565 7975
Email : fis@vp.com.hk
Website : www.valuepartners-group.com

GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate Awards

- 2016**
- **The 14th China's Financial Annual Champion Awards 2016**
Value Partners: Best Asset Management Service Provider of the Year
 – *Hexun.com*
 - **The Asset Benchmark Research Awards 2016 – G3 Bonds**
Top Investment House
Value Partners – Ranked 2nd in Hedge Fund category
 – *The Asset Benchmark Survey*
 - **The Asset Triple A, Asset Servicing, Investor and Fund Management Awards 2016**
Asset Management Company of the Year (Hong Kong)
Value Partners – Highly Commended Fund House
 – *The Asset*
 - **Asset Management Awards 2016**
Fund House of the Year – Hong Kong
 – *AsianInvestor*
 - **Asset Management Awards for Excellence 2016**
Best Fund Provider – Greater China Equity
 – *Asian Private Banker*
 - **Thomson Reuters Lipper Fund Awards 2016**
Best Equity Group (Hong Kong)
 – *Thomson Reuters*
 - **2015 Best of the Best Performance Awards**
Value Partners: 20-Year Award for Greater China
 – *Asia Asset Management*
 - **2015 Best of the Best Regional Awards**
Value Partners: Longevity Awards – Best Asset Management House
over the last 20 Years (Co-Winner)
 – *Asia Asset Management*
 - **International Financial Annual Champion Awards 2015**
Value Partners: Best Asset Management Service Provider
 – *SEEC and Hexun.com*

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

MANAGER'S REPORT

2016 was a challenging year for China's stockmarket – it began with a widespread sell-off sparked by the failed circuit-breaking system, and its recovery later in the year was masked by concerns over China's slowdown, RMB depreciation, and poor global investment sentiment.

In the fourth quarter, Value Partners Classic Fund (the Fund) returned -6.9% amid heightened uncertainties post Donald Trump's US Presidential Election victory and emerging market outflows caused by higher inflation expectation in the US and a stronger USD. For reference, Hang Seng Index and MSCI China dropped 5.2% and 7.1% during the period, respectively.

On a full-year basis, the Fund dropped 3.2% in 2016, mainly dragged by performance in the first two months of the year. For reference, Hang Seng Index and MSCI China rose 4.3% and 0.9% during the period, respectively, in a year when large-cap benchmark stocks shined.

Portfolio strategy review

In view of the increased volatility in the market, we remained nimble throughout the year, particularly in the first half of 2016. We de-risked the portfolio by lifting cash weighting to mid-teens percentage in January and February as concerns on China policy implementations emerged. After a more-than-20% broad-based market correction in the first two months, our portfolio returned to fully-invest as we believed valuations overshot on the downside with consensus earnings estimates being excessively conservative. As a value investor, we saw attractive opportunities for high conviction names, particularly in the technology and consumer discretionary sectors. We substantially added our holdings in the two sectors which remained our portfolio's top sector exposures for the rest of the year. The additions worked as these companies announced rounds of solid earnings beat which triggered upward re-ratings in the second half.

From a stock level perspective, our technology and consumer discretionary stock-picks were the top performance contributors in 2016. Two of our key holdings in China's social network and eCommerce sectors were among the top performers as their better-than-expected earnings results led to a surge in share prices. Meanwhile, our top-up position in a leading smartphone lens manufacturer in Taiwan also generated respectful alpha to the portfolio as the firm enjoyed solid margin expansion in light of the dual camera and lens upgrade cycle for high-end smartphones. A Chinese auto parts manufacturer was the top contributor on the consumer discretionary side. Its share price was driven by margin expansion due to product mix improvement, expansion of advanced driver assistance system (ADAS) business, and the acquisition of camera module supplier in Taiwan.

In 2016, our portfolio was mainly dragged by the unsatisfactory performance in the first two months of the year, led by holdings in Chinese insurers which were suffering from poor equity investments caused by wild swings in China's A-share markets.

MANAGER'S REPORT (Continued)

Investment case study

Weibo Corporation (stock code: WB US)

Weibo is a Chinese leading microblogging services provider listed in Nasdaq in the US in the first half of 2014 by its parent company Sina Corp, which is a leading internet portal in China. Weibo is China's third largest social platform with monthly active user (MAU) reaching 297 million as of the third quarter (3Q) of 2016. We expect Weibo's robust growth to continue as it has multiple monetization opportunities including advertising, live broadcasting, short video, memberships and apps. Weibo reported a strong set of 3Q 2016 earnings result in which it demonstrated its earnings strength from brand ads (up 119% year-on-year) and robust momentum for its short video product (viewership up by 740% year-on-year). Weibo continued to see margin expansion and its management has strong guidance on sustained momentum on operating margin growth.

Outlook

2017 will likely be another volatile year. In the US, a new president with strong business background will take the helm, and in Europe, more presidential and general elections are coming up. In this context, China remains relatively stable both economically and politically.

The Beijing government has made steady progress in pushing ahead supply-side reforms. The China manufacturing purchasing managers' index (PMI) rose to 51.7 in November – its highest reading since July 2014, and sentiment improved the most amongst large corporations. The producer price index (PPI) rallied in 2016 and is poised to strengthen further. Meanwhile, a new round of industrial restocking has also begun. Industrial and corporate profits rebounded, and household income growth continued to grow.

The 19th National Congress of the Communist Party of China will be held in the autumn of 2017. This twice-a-decade party congress – the previous was held in 2012 – is closely watched mostly due to a far-reaching change in the makeup of the top leadership of the Communist Party. It is not surprising that, against this backdrop, stability was once again highlighted as a top policy priority for 2017 at the recent Politburo meeting. Faced with political reshuffles, the Party would like anything but surprises.

Meanwhile, Trump has yet to prove to the market if he will put his anti-China rhetoric into protectionist policies. In our view, to make "America great again" via heavy infrastructure investment and tax cuts, a strong China is needed. At its worst, not only will a trade war hurt China but also bring backlash in the US as it will stoke inflation and dent domestic consumption. China, on the other hand, may have more firepower to cushion against such situation given its political control and its economy which is still growing relatively faster than other major economies.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

MANAGER'S REPORT (Continued)

Driven by expectations of continued earnings recovery and fiscal stimulus to maintain growth, we remain constructive on Greater China equities. While we believe global macro and policy uncertainties shall continue, our investment will focus on 1) quality stocks to combat RMB depreciation; 2) companies with strong research and development leadership to avoid cyclical risk, 3) consumption stocks that benefit from the robust spending on living standard improvement; 4) Hong Kong small and mid-cap stocks to embrace the southbound capital flow from the mainland and 5) quality China A-share companies trading at attractive valuations.

From our experience, investing in China is never plain sailing. There will be bumps along the way from external shocks and unexpected hiccups in policies execution. Pressure will still be on as China battles RMB depreciation and capital outflows while managing financial risks in the property and bond markets. In such an uncertain environment, investors should stick to a bottom-up stock-picking approach which focuses on fundamentals.

Corporate update

In December, VP appointed Dr AU King Lun as the VP Chief Executive Officer (CEO) to strengthen Value Partners' management team at a time that we call "an era of golden opportunities". As the CEO of Value Partners, Dr AU takes charge of the Group's business and corporate affairs. He brings with him almost 30 years of industry experience and network in the Asian asset management industry. Our vision is to become a world-class asset management group, and Dr AU together with the other very-capable managers we already have in our team can help us achieve our vision.

Value Partners Hong Kong Limited

25 April 2017

Fund performance mentioned referred to Value Partners Classic Fund "A" Unit. All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in US\$ terms on NAV-to-NAV basis with dividends reinvested) as at 30 December 2016. Performance data is net of all fees.

Individual stock performance is not indicative of fund performance.

The views expressed are the views of Value Partners Hong Kong Limited only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All material has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

MANAGER'S REPORT (Continued)

10 biggest holdings of listed securities as at 30 December 2016

Stock	Industry	Valuation (2017 Estimates)	Remarks
<p>BOC Hong Kong (Code: 2388 HK)</p> <p>Market cap: US\$37.8 billion</p>	Banking	<p>Price: HKD27.75 P/E: 10.9x P/B: 1.2x Yield: 4.4%</p>	<p>Bank of China Hong Kong (BOCHK) is the largest domestic bank in Hong Kong in terms of total assets, loans and deposits. It provides comprehensive banking services that include corporate banking, personal banking and wealth management. BOCHK is one of three note-issuing banks and the sole RMB clearing bank in Hong Kong. The Stock Connect schemes between Hong Kong and China would benefit BOCHK due to its relatively high brokerage fee composition and leadership in RMB banking. The bank is well-positioned to tap the growing cross-border financial servicing needs given its China-oriented position.</p>
<p>China Longyuan Power (Code: 916 HK)</p> <p>Market cap: US\$6.3 billion</p>	Wind-farm operator	<p>Price: HKD6.06 P/E: 10.1x P/B: 1.0x Yield: 1.9%</p>	<p>China Longyuan Power is the largest wind-farm operator in China and Asia. As a partially owned subsidiary of state-owned China Guodian Corporation, it is responsible for Guodian's renewable energy assets. In 2016, the China government issued directives aiming to boost power harvested from renewable energy by 18% annually in the next five years. These policies will likely benefit clean energy producers such as Longyuan. In 2016, the company's gross generation growth was at 14%, and we expect the grid curtailment rate can further improve in 2017.</p>
<p>Largan Precision (Code: 3008 TT)</p> <p>Market cap: US\$15.7 billion</p>	Electronic components	<p>Price: TWD 3,790.00 P/E:16.2x P/B:5.1x Yield: 2.2%</p>	<p>Largan Precision manufactures and distributes lens for electronic products including mobile phones, laptops, tablets and digital cameras. The company is a clear winner in the dual-camera upgrade cycle, as it has the unique technology and knowhow to deliver designs for large-scale production at a decent margin. The optical zoom feature on the new iPhone 7 Plus clearly displays this trend. Largan is gaining market share in this high-end specification segment as smartphone makers attempt to differentiate. Looking forward, three catalysts are fuelling the growth of Largan: 1) promising market growth due to rapid pick-up in dual cameras; 2) higher average selling price supported by specification migration; 3) share price gain underpinned by Largan's business mix change and notable advantages over competitors.</p>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

MANAGER'S REPORT (Continued)

Stock	Industry	Valuation (2017 Estimates)	Remarks
<p>Livzon Pharmaceutical Group (Code: 1513 HK)</p> <p>Market cap: US\$3.3 billion</p>	Drug manufacturer	<p>Price: HKD45.40 P/E: 21.1x P/B: 2.8x Yield: 1.3%</p>	<p>Livzon Pharmaceutical is a China-based company principally engaged in the research, development, production and distribution of pharmaceutical products. The company offers Western pharmaceutical preparations, bulk drugs and traditional Chinese medicines, as well as diagnostic reagents and equipment. Due to a strong growth in Livzon's high-margin drugs (such as Yili'an) and a recovery in its active pharmaceutical ingredient (API) business, Livzon's gross margin improved substantially in the third quarter of 2016. Even with significant investment in its research and development sector, the company has maintained strong operating cash flows. Looking forward, we expect Livzon to benefit from the steady growth of its Chinese medicine business and its fast-growing specialized drugs. Yili'an, a patented drug, was included in at least 12 of China's provincial reimbursement drug lists (PRDLs). As it stands a high chance of being included into the new national reimbursement drug list (NRDL) in 2017, Livzon is likely to expand its current scope of reimbursement, which will give a significant boost to sales.</p>
<p>Logan Property (Code: 3380 HK)</p> <p>Market cap: US\$2.1 billion</p>	Real estate	<p>Price: HKD2.93 P/E: 4.0x P/B: 0.8x Yield: 8.0%</p>	<p>Logan Property, founded in 1996, is a medium-sized developer in China with leading position in Shantou, Huizhou and Nanning. It also has a geographical focus in the Pearl River Delta. The company mainly engages in residential property development, with a focus on low-mid mass markets. It has a low-cost and sizeable land bank of over 11 million square meters. Logan has adopted a prudent approach to financial and cost management. It is 76% owned by Ms. Kei Perenna Hoi Ting, the chairman's daughter, and the family trust.</p>
<p>Minth Group (Code: 425 HK)</p> <p>Market cap: US\$3.5 billion</p>	Automobile and components	<p>Price: HKD24.15 P/E: 11.9x P/B: 2.1x Yield: 3.2%</p>	<p>Minth Group is a leading supplier of exterior auto parts in China with growing global relevance. The company primarily engages in the designing, manufacturing and marketing of trims, decorative parts, body structural parts and seat frame systems, which are supplied to the major "6+5" automakers, including Ford, Nissan and Toyota. Having secured more than 80% of global market share, Minth Group seeks to continue to grow its market share both domestically and globally. We expect the company to enhance its role as a key global market player in the future.</p>

MANAGER'S REPORT (Continued)

Stock	Industry	Valuation (2017 Estimates)	Remarks
<p>PetroChina (Code: 857 HK)</p> <p>Market cap: US\$201.2 billion</p>	Energy	<p>Price: HKD5.78 P/E: 20.9x P/B: 0.8x Yield: 2.2%</p>	<p>PetroChina is the largest oil and gas producer and distributor playing a dominant role in the oil and gas industry in China. It engages in a wide range of activities related to oil and natural gas, including exploration, development, production and marketing. As China is expected to achieve moderate and stable economic growth, oil and gas demand in China is likely to continue its current upward trajectory. With the oil price hovering at a relatively low level, the company will also benefit as oil recovers.</p>
<p>SIIC Environment (Code: SIIC SP)</p> <p>Market cap: US\$0.9 billion</p>	Wastewater treatment	<p>Price: SGD0.58 P/E: 10.6x P/B: 1.0x Yield: 0.5%</p>	<p>SIIC Environment ("SIIC") is a Singapore-listed company, which conducts operations in wastewater treatment, water purification treatment and system automation in China. Being a state-owned enterprise, SIIC enjoys strong support from banks and local governments, signifying it has the potential to become one of the leading water companies in China. In 2015, it completed an acquisition of a group of water treatment companies, which helped enhance its water treatment capacity and extend its geographical presence in China. The company's financial leverage is lower than most of its local peers, enabling it to do more mergers and acquisitions as well as greenfield projects in the future. As the Chinese government is increasingly paying attention to water quality and environment protection, the company is set to benefit from further environmental protection policies</p>
<p>Taiwan Semiconductor Manufacturing (Code: 2330 TT)</p> <p>Market cap: US\$145.3 billion</p>	Semiconductors and semiconductor equipment	<p>Price: TWD181.50 P/E: 13.1x P/B: 3.0x Yield: 4.0%</p>	<p>Taiwan Semiconductor Manufacturing is a world-class independent semiconductor foundry. It provides integrated circuit ("IC") design houses with integrated services for process design, wafer manufacturing and testing. As a global leader with more than 50% share of the outsourcing market, the company has consistently outperformed competitors in terms of technology and profitability. We think the company is well-positioned to continue to benefit from the growing IC manufacturing outsourcing market and the rising demand for the internet of things trend, AI chips and new application areas.</p>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

MANAGER'S REPORT (Continued)

Stock	Industry	Valuation (2017 Estimates)	Remarks
Weibo (Code: WB US) Market cap: US\$8.6 billion	Internet	Price: USD40.60 P/E: 35.4x P/B: 9.2x Yield: 0%	Weibo, a subsidiary of Sina Corporation, is a leading social media platform for people to create, distribute and discover Chinese-language content. The company has amassed a large user base, which includes people from all walks of life. Ordinary people, public figures, as well as organizations such as private companies, government agencies and charities are all active on Weibo. The company provides simple ways for users to publicly express themselves in real time and interact with others on a global platform. Beijing-based Weibo has 132 million daily active users ("DAU") and 197 million monthly active users, placing it just behind Tencent QQ as China's second-largest social network and media platform in terms of users and revenue. Weibo is on the right track for a "Facebook trajectory" in China's unique internet environment. According to our forecast and channel estimates, earnings of Weibo will be growing at 70% CAGR from 2016 to 2018, making it one of the fastest-growing names in China's internet industry.

Note: The above investments made up 42% of Value Partners Classic Fund as at 30 December 2016. The stock prices are based on the closing of 30 December 2016.

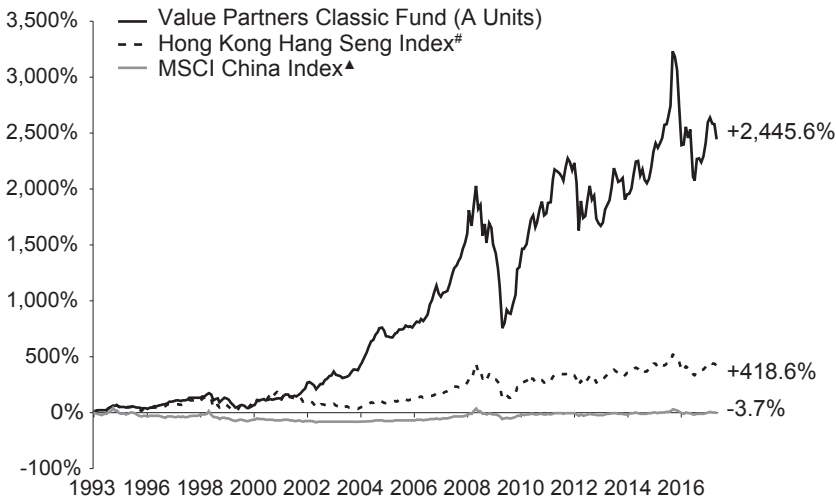
Individual stock performance/yield is not necessarily indicative of overall fund performance.

MANAGER'S REPORT (Continued)

Value Partners Classic Fund – NAV as at 31 December 2016

Classes	NAV per unit
A Units	USD254.56
B Units	USD114.57
C Units USD	USD14.45
C Units HKD ^β	HKD112.0554
C Units RMB	RMB10.42
C Units AUD Hedged	AUD11.94
C Units CAD Hedged	CAD11.58
C Units HKD Hedged	HKD9.85
C Units NZD Hedged	NZD12.06
C Units RMB Hedged	RMB9.61

**Since launch return compared to indices
From 1 April 1993 to 31 December 2016**



^β Investors should note that the base currency of "C" Units is in USD. The HKD equivalent NAV per unit for "C" Units is for reference only and should not be used for subscription or redemption purposes. Conversion to the base currency of "C" Units will normally take place at the prevailing rate (as determined by the Fund's Trustee or Custodian) on the corresponding fund dealing day.

[#] Hang Seng Index refers to Hang Seng Price Return Index up to 31 December 2004, thereafter it is the Hang Seng Total Return Index. Hang Seng Total Return Index includes dividend reinvestment whereas Hang Seng Price Return Index does not take into account reinvestment of dividends.

[^] MSCI China Index refers to MSCI China Price Return Index up to 31 December 1998, thereafter it is the MSCI China Total Return Index. MSCI Total Return Index includes dividend reinvestment whereas MSCI Price Return Index does not take into account reinvestment of dividends.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager, Value Partners Hong Kong Limited, is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the Trust Deed dated 26 October 1993 (as amended) and Deed of retirement and appointment of Manager dated 17 August 2015 to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of Value Partners Classic Fund (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 dated 26 October 1993 (as amended) and Deed of retirement and appointment of Manager dated 17 August 2015 and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's responsibilities

The Trustee, HSBC Institutional Trust Services (Asia) Limited, is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed dated 26 October 1993 (as amended) and Deed of retirement and appointment of Manager dated 17 August 2015 and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained so as to enable the financial statements to be prepared;
- 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

We hereby confirm that, in our opinion, the Manager, Value Partners Hong Kong Limited, has, in all material respects, managed Value Partners Classic Fund in accordance with the provisions of the Trust Deed dated 26 October 1993 (as amended) and Deed of retirement and appointment of Trustee dated 17 August 2015 for the year ended 31 December 2016.

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

Trustee
25 April 2017

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

Opinion

What we have audited

The financial statements of Value Partners Classic Fund (the "Fund") set out on pages 18 to 52, which comprise:

- the statement of financial position as at 31 December 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in net assets attributable to unitholders for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2016, and its financial transactions and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

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

Independence

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
VALUE PARTNERS CLASSIC FUND (Continued)**

(A Hong Kong unit trust)

Other Information

The Manager and the Trustee (the "Management") are responsible for the other information. The other information comprises the information included in General information, Manager's report, Statement of responsibilities of the Manager and the Trustee, Trustee's report, Investment portfolio, Investment portfolio movements and Performance record, but does not include 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.

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 Management for the Financial Statements

The Management of the Fund is responsible for the preparation and fair presentation of financial statements in accordance with IFRS. In addition, the Management is required to ensure and for such internal control as the Management determines 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 Management of the Fund is 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 Management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

In addition, the Management is required to ensure that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 26 October 1993 (as amended), Deed of retirement and appointment of the Manager dated 17 August 2015 and Deed of retirement and appointment of the Trustee dated 17 August 2015 (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"),

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF VALUE PARTNERS CLASSIC FUND (Continued)

(A Hong Kong unit trust)

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. We report our opinion 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. 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. We are also required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions at the Trust Deed and the SFC Code.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

**INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF
VALUE PARTNERS CLASSIC FUND (Continued)**

(A Hong Kong unit trust)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 Management 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.

**Report on Matters under the Relevant Disclosure Provisions of the Trust Deed
and the SFC Code**

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

25 April 2017

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

		2016	2015
	<i>Note</i>	<i>US\$</i>	<i>US\$</i>
Assets			
Deposits with brokers		18,045,085	64,832,262
Financial assets at fair value through profit or loss	3(d)	1,486,155,896	1,991,337,996
Amounts receivable on sales of investments		38,985,160	114,520,754
Amounts receivable on issue of units		348,161	3,404,319
Dividends receivables and other receivables		936,640	616,261
Bank balances	6(j)	<u>79,311,905</u>	<u>95,971,013</u>
Total assets		<u><u>1,623,782,847</u></u>	<u><u>2,270,682,605</u></u>
Liabilities			
Financial liabilities at fair value through profit or loss	3(d)	7,946,732	18,249,757
Amounts payable on purchase of investments		84,898,656	65,020,370
Amounts payable on redemption of units		7,606,568	3,768,613
Management fee and performance fees payable		1,445,763	1,917,914
Bank overdrafts	6(j)	116,023,419	324,353,764
Accruals and other payables	6(j)	<u>786,709</u>	<u>2,453,577</u>
Liabilities (excluding net assets attributable to unitholders)		<u><u>218,707,847</u></u>	<u><u>415,763,995</u></u>
Net assets attributable to unitholders	5	<u><u>1,405,075,000</u></u>	<u><u>1,854,918,610</u></u>

Signed by:

Value Partners Hong Kong Limited, *Manager*

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

The notes on pages 22 to 52 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
<i>Note</i>	<i>US\$</i>	<i>US\$</i>
Income		
Dividends	37,011,018	28,599,640
Interest on bank deposits	6(j) 19,821	29,358
Net realised (losses)/gains on investments	(103,399,708)	18,657,198
Change in unrealised gains/losses on investments	41,460,029	(131,665,895)
Net foreign exchange losses	(1,498,820)	(5,708,763)
Other income	6(g) 1,123,180	26,753
	<u>(25,284,480)</u>	<u>(90,061,709)</u>
Expenses		
Management fees	6(a) (18,276,791)	(23,215,444)
Performance fees	6(b) (3,163)	(27,364)
Trustee fees	6(c) (1,777,552)	(2,232,527)
Transaction costs	6(j) (20,347,275)	(29,366,662)
Interest expense	6(j) (4,859,805)	(4,535,939)
Stock borrowing fee	6(j) (637,502)	(39,309)
Registrar fee	6(d) (460,242)	(584,326)
Safe custody and bank charges	6(j) (62,007)	(51,636)
Legal and professional fees	(47,744)	(354,450)
Auditor's remuneration	(31,000)	(14,200)
Other operating expenses	(2,223,637)	(3,041,868)
Dividends on securities borrowed	—	(56,967)
	<u>(48,726,718)</u>	<u>(63,520,692)</u>
Loss before tax	(74,011,198)	(153,582,401)
Withholding tax on dividends and other investment income	7(d) (2,048,027)	(1,260,506)
Decrease in net assets attributable to unitholders from operations	<u>(76,059,225)</u>	<u>(154,842,907)</u>

The notes on pages 22 to 52 are an integral part of these financial statements.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 US\$	2015 US\$
Net assets attributable to unitholders as at 1 January	1,854,918,610	1,457,536,620
Issue of units	293,091,004	1,963,668,911
Redemption of units	(666,875,389)	(1,411,444,014)
Net (decrease)/increase from unit transactions	(373,784,385)	552,224,897
Decrease in net assets attributable to unitholders from operations	(76,059,225)	(154,842,907)
Net assets attributable to unitholders as at 31 December	<u>1,405,075,000</u>	<u>1,854,918,610</u>

The notes on pages 22 to 52 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 US\$	2015 US\$
Cash flows from operating activities		
Decrease in net assets attributable to unitholders from operations	(76,059,225)	(154,842,907)
Adjustments for:		
Dividends and interest on bank deposits	(37,030,839)	(28,628,998)
Interest expense	4,859,805	4,535,939
Stock borrowing fee and dividends on securities borrowed	637,502	96,276
Withholding tax on dividends and other investment income	2,048,027	1,260,506
	<u>(105,544,730)</u>	<u>(177,579,184)</u>
Decrease in deposits with brokers	46,787,177	108,526,407
Decrease/(increase) in financial assets at fair value through profit or loss	505,182,100	(503,753,638)
(Decrease)/increase in financial liabilities at fair value through profit or loss	(10,303,025)	18,240,437
Decrease in amounts receivable on sales of investments	75,535,594	2,145,862
Increase/(decrease) in amounts payable on purchase of investments	19,878,286	(57,549,463)
Increase in other receivables	(18,387)	(1,881)
(Decrease)/increase in bank overdrafts	(208,330,345)	120,964,612
Decrease in management fees and performance fees payable, accruals and other payables	(1,742,373)	(28,814,661)
	<u>321,444,297</u>	<u>(517,821,509)</u>
Cash generated from/(used in) from operations	321,444,297	(517,821,509)
Dividends and interest on bank deposits received	36,728,847	28,210,425
Interest expense paid	(5,256,451)	(3,706,547)
Stock borrowing fee and dividends on securities borrowed paid	(637,502)	(96,276)
Withholding tax on dividends and other investment income paid	(2,048,027)	(1,260,506)
	<u>350,231,164</u>	<u>(494,674,413)</u>
Net cash inflow/(outflow) from operating activities	----- 350,231,164	----- (494,674,413)
Cash flows from financing activities		
Proceeds from issue of units	296,147,162	1,967,389,309
Payments on redemption of units	(663,037,434)	(1,423,029,709)
	<u>(366,890,272)</u>	<u>544,359,600</u>
Net cash (outflow)/inflow from financing activities	----- (366,890,272)	----- 544,359,600
Net (decrease)/increase in cash and cash equivalents	(16,659,108)	49,685,187
Cash and cash equivalents as at 1 January	95,971,013	46,285,826
	<u>79,311,905</u>	<u>95,971,013</u>
Cash and cash equivalents as at 31 December, representing bank balances	<u>79,311,905</u>	<u>95,971,013</u>

The notes on pages 22 to 52 are an integral part of these financial statements.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Value Partners Classic Fund (the “Fund”) is an open-ended unit trust which was originally established by the Trust Deed dated 26 October 1993 (as amended) governed by the laws of the Cayman Islands. Pursuant to Eleventh Supplemental Deed dated 17 August 2015, the Trustee declared that with effect from and including 21 September 2015 the proper law of the Fund shall be the laws of Hong Kong and the forum of administration of the Fund shall be Hong Kong. With effect from 21 September 2015, the Fund changed domicile from the Cayman Islands to Hong Kong.

Pursuant to a Deed of Retirement and Appointment of the Trustee dated 17 August 2015, HSBC Institutional Trust Services (Asia) Limited was appointed as trustee in place of Bank of Bermuda (Cayman) Limited with effect from 21 September 2015. Pursuant to a Deed of Retirement and Appointment of the Manager dated 17 August 2015, Value Partners Hong Kong Limited was appointed as manager in place of Value Partners Limited with effect from 21 September 2015.

The Fund is authorised by the Securities and Futures Commission of Hong Kong and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the “Code”). The Fund ceased to be regulated by the Cayman Islands Monetary Authority in the Cayman Islands with effect from 21 September 2015.

The Fund’s investment objective is to achieve consistent superior returns through an investment discipline that places emphasis on the fundamental value of potential investments. The Fund’s investment activities are managed by Value Partners Hong Kong Limited (the “Manager”). The Fund’s Administrator is HSBC Institutional Trust Services (Asia) Limited (the “Trustee”). The principal office of the Fund is 1 Queen’s Road Central, Hong Kong.

2 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of accounting estimates. It also requires the exercise of judgement in the process of applying the Fund’s accounting policies.

All references to net assets throughout this document refer to net assets attributable to unitholders unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(a) Basis of preparation (Continued)***Standards and amendments to existing standards effective 1 January 2016*

There are no standards, interpretation or amendments to existing standards that are effective for the first time for the financial year beginning 1 January 2016 that had a material impact on the Fund.

Standards that are not yet effective and have not been early adopted by the Fund

IFRS 9 "Financial instruments", addresses the classification, measurement and recognition financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. There were no changes to classification and measurement for financial liabilities at fair value through profit and loss, except for the requirement to recognize changes in own credit risk in other comprehensive income. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Fund is yet to assess IFRS 9's full impact.

A number of new standards, amendments to standards and interpretations are effective for the annual period beginning after 1 January 2016, and have not be applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(b) Investment entity

The Fund has been deemed to meet the definition of an investment entity per IFRS 10 as the following conditions exist:

- (i) The Fund has multiple investments;
- (ii) The Fund obtained funding for the purpose of providing investors with investment management services;
- (iii) The Fund's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income; and
- (iv) The performance of investments made through the investee funds are measured and evaluated on a fair value basis.

The Fund meets all of the typical characteristics of an investment entity and management believes it is an investment entity. The Fund is required to account for unconsolidated structured entities at fair value through profit and loss.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Interest in unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

The Fund considers all of its investments in Investee Funds to be investments in unconsolidated structured entities. The Fund invests in Investee Funds whose objectives range from achieving medium to long term capital growth and whose investment strategy does not include the use of leverage. The Investee Funds are managed by the group companies of the Manager who apply various investment strategies to accomplish the respective investment objectives of the Investee Funds.

The change in fair value of each Investee Fund is included in the Statement of Comprehensive Income.

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

(i) Classification

The Fund classifies its investments as financial assets or liabilities at fair value through profit or loss. These financial assets and liabilities are classified as held for trading.

All derivatives are carried in assets when amounts are receivable by the Fund and in liabilities when amounts are payable by the Fund.

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss.

(ii) Recognition/derecognition

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(d) Financial assets and liabilities at fair value through profit or loss (Continued)****(iii) Measurement**

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the statement of comprehensive income. Subsequent to initial recognition, all financial assets and liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets and liabilities at fair value through profit or loss are presented in the statement of comprehensive income in the year in which they arise.

Dividend on short sales of equity securities is included in the statement of comprehensive income within dividends on securities borrowed.

(iv) Fair value estimation

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 of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on last traded prices at the close of trading on the reporting date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Debt securities are fair valued based on quoted prices inclusive of accrued interest.

Investments in Investee Funds are stated at fair value based on the net asset value per unit/share of the respective funds as determined by the administrators of the relevant funds or stated at last traded prices if the Investee Funds are listed or traded on an exchange.

Over-the-counter derivatives that are not traded in an active market is determined by using broker quotes or valuation techniques.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Income

Dividends are recognised when the right to receive payment is established.

Interest income on bank deposit is recognised in the statement of comprehensive income on a time-proportionate basis using the effective interest method.

Interest income on debt securities is recognised in the statement of comprehensive income within "net realised (losses)/gains on investment" and "change in unrealised gains/losses on investments".

(f) Expenses

Expenses are accounted for on an accrual basis.

(g) Transaction cost

Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include fees and commissions paid to agents, advisors, brokers and dealers. Transaction costs when incurred, are immediately recognised in statement of comprehensive income as an expense.

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

(i) Collateral

The Fund pledged investments as collateral at the reporting date. The party to whom the collateral is provided does not have the right to sell or re-pledge the collateral and the Fund classifies these pledged investments as financial assets at fair value through profit or loss in the statement of financial position.

Cash collateral provided by the Fund is identified in the statement of financial position as margin deposit and is not included as a component of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****(j) Foreign currency translation**

The financial statements are presented in United States dollar, which is the Fund's functional and presentation currency.

The Fund has adopted the United States dollar as the functional currency of the Fund since the subscriptions and redemptions of the Fund are mainly transacted in United States dollars. In addition, performance measurement and reporting to the unitholders as well as settlement of fees and expenses are carried out in United States dollars.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(k) Taxation

The Fund currently incurs withholding tax imposed by certain countries on investment income and capital gains. Such income is recorded gross of withholding tax in the statement of comprehensive income.

(l) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and exclude overdrafts with the broker as they are restricted for investment purposes. Bank overdrafts are shown in current liabilities in the statement of financial position.

(m) Redeemable units

The net asset value per unit is computed for each dealing day. The price at which units are issued or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

Units of the Fund are redeemable at the options of the unitholders and are classified as financial liabilities in the statement of financial position which represents the net assets attributable to unitholders (or "net asset value" or "net assets" or "NAV"). The units are carried at the redemption amount that is payable at the reporting date if the unitholders exercise their right to redeem their units of the Fund.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit and counterparty risk and liquidity risk.

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

(a) Market risk

(i) Foreign exchange risk

The Fund may hold assets denominated in currencies other than the United States dollar, the functional currency, it may therefore be exposed to foreign exchange risk. The Fund's overall currency positions are monitored on a daily basis by the Manager.

The table below includes both monetary and non-monetary assets and liabilities held in foreign currencies together with the percentage of reasonable possible change in foreign currencies and the estimated impact on net assets. Non-monetary investments include equity securities and derivatives.

	Total net foreign currency exposures			Estimated impact on net assets
	Non-Monetary net assets <i>US\$ equivalent</i>	Monetary net assets <i>US\$ equivalent</i>	Percentage change %	<i>US\$</i>
As at 31 December 2016				
Australian dollar	–	31,119,056	+/-5	+/-1,555,953
Canadian dollar	–	7,644,175	+/-5	+/-382,209
Euro	–	5,471	+/-5	+/-274
Hong Kong dollar*	730,509,563	36,592,005	+/-0	–
Indonesian rupiah	–	7,156,974	+/-5	+/-357,849
Korean won	63,671,522	23	+/-5	+/-3,183,577
New Zealand dollar	–	7,042,539	+/-5	+/-352,127
Pound sterling	15,215	–	+/-5	+/-761
Renminbi	74,537,304	11,232,688	+/-5	+/-4,288,500
Singapore dollar	90,838,750	–	+/-5	+/-4,541,938
Taiwan dollar	190,423,309	15,906,314	+/-5	+/-10,316,481
	<u>1,149,995,663</u>	<u>116,699,245</u>		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

	Total net foreign currency exposures		Percentage change %	Estimated impact on net assets US\$
	Non-Monetary net assets US\$ equivalent	Monetary net assets US\$ equivalent		
As at 31 December 2015				
Australian dollar	–	42,344,729	+/-5	+/-2,117,236
Canadian dollar	–	10,297,012	+/-5	+/-514,851
Hong Kong dollar*	1,256,447,650	63,349,278	+/-0	–
Indonesian rupiah	–	6,990,327	+/-5	+/-349,516
Korean won	15,480,833	23	+/-5	+/-774,043
New Zealand dollar	–	9,952,679	+/-5	+/-497,634
Pound sterling	18,361	–	+/-5	+/-918
Renminbi	273,350,695	19,859,598	+/-5	+/-14,660,515
Singapore dollar	75,746,709	–	+/-5	+/-3,787,335
Taiwan dollar	113,479,855	69,360,576	+/-5	+/-9,142,022
	<u>1,734,524,103</u>	<u>222,154,222</u>		

* The Hong Kong dollar is currently linked to the United States dollar, the functional currency, within a narrow range, and is therefore not exposed to significant foreign exchange risk.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Manager manages price risk primarily through diversification of the portfolio and through a careful selection of securities and other financial instruments within specified limits as stated in the Explanatory Memorandum. The Fund's overall market positions are monitored on a daily basis by the Manager.

As at 31 December 2016 and 2015, the Fund had no exposure to a single security greater than 10% of net assets.

The Fund's overall market exposures at the reporting date were as follows:

	% of net assets	
	2016	2015
Financial assets at fair value through profit or loss		
Listed equity securities		
China	7.01	8.47
Hong Kong		
– H shares	16.40	25.00
– Red chips	5.67	25.08
– Others	27.03	14.81
Singapore	6.46	4.08
South Korea	4.53	0.83
Taiwan	13.55	6.12
United Kingdom	0.00	0.00
United States	5.63	3.99
	<hr/>	<hr/>
	86.28	88.38
Participation notes	8.26	15.01
Quoted debt securities	1.89	–
Unlisted investment funds	9.34	3.95
Currency forwards	0.00	0.01
	<hr/>	<hr/>
	105.77	107.35
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

	% of net assets 2016	2015
Financial liabilities at fair value through profit or loss		
Listed equity securities		
Hong Kong		
– H shares	(0.48)	–
– Others	(0.08)	(0.98)
	(0.56)	(0.98)
Currency forwards	(0.01)	(0.00)
	(0.57)	(0.98)

The table below shows the analysis of the net position of equity securities and equity derivatives by industry.

	2016 %	2015 %
Financials	15.84	17.42
Industrials	4.86	13.08
Utilities	7.57	13.16
Consumer discretionary	16.85	12.31
Information technology	16.43	12.26
Healthcare	4.53	9.26
Real estate	4.85	7.03
Consumer staples	5.36	3.89
Energy	7.32	2.58
Telecommunication services	10.40	0.50
Materials	3.31	0.10
Others	2.68	8.41
	100.00	100.00

The Fund may sell securities of an issuer short. Short sales made by the Fund involve certain risks and special considerations. Possible losses from short sales differ from losses that could be incurred from a purchase of a security, because losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

The table below summarises the sensitivity of the Fund's portfolio of listed equity securities, equity derivatives and investment funds to equity price movements. The analysis is based on the assumptions that the MSCI China Index increased/decreased with all other variables held constant and that the fair value of the Fund's portfolio of listed equity securities and notional value of the Fund's derivatives moved according to their historical correlation with the index. The Manager does not manage price risk with reference to any market index. The index used below is for guidance and performance comparison only.

	Percentage change		Estimated impact on net assets	
	2016	2015	2016	2015
	%	%	US\$	US\$
MSCI China Index	+/-30	+/-30	+/-325,705,044	+/-550,381,333

(iii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow will fluctuate due to changes in market interest rates.

The table below summarises the Fund's financial assets and liabilities at the reporting date which expose it to the risk associated with the effects of fluctuations in the prevailing levels of market interest rates, categorised by remaining maturity dates.

	Less than 1 month	
	2016 US\$	2015 US\$
Bank balances	79,311,905	95,971,013
Bank overdrafts	(116,023,419)	(324,353,764)
Total interest sensitivity gap	<u>(36,711,514)</u>	<u>(228,382,751)</u>

Any bank balances and overdrafts with brokers are placed/borrowed at short term market interest rate and the Manager considers that the Fund is not subject to significant amount of risk due to the stable and low fluctuation in the prevailing levels of market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk

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 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 received payment. In a purchase, payment is made when the securities have been received by the broker. If either party fails to meet its obligation, the trade will fail.

The table below shows the exposures to major counterparties at the reporting date. The credit ratings are issued by Moody's.

	2016 US\$	2015 US\$
Counterparty		
Cash with banks		
Aa2	79,311,905	95,971,013
Deposits with brokers		
Unrated*	18,045,085	64,832,262
Investments placed with custodian and other broker		
Aa2	1,486,155,896	1,991,337,996
Amounts receivable on issue of units		
Unrated*	348,161	3,404,319

* *The credit quality of deposits with brokers and amounts receivable on issue of units that are neither past due nor impaired can be assessed by historical information about counterparties default rates. The Manager considers there is no significant risk on such deposits at the reporting date as there was no default history on such deposit in the past.*

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets, excluding equity securities, as shown in the statement of financial position.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The table below analyses the Fund's financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The table below reflects captions of the statement of financial position items and shows how much of the net assets can be redeemed if the Manager does not exercise the 10% redemption gate.

	Less than 3 months	
	2016	2015
	US\$	US\$
Net assets attributable to unitholders	1,405,075,000	1,854,918,610
Financial liabilities at fair value through profit or loss	7,826,363	18,196,836
Derivatives	120,369	52,921
Amounts payable on purchase of investments	84,898,656	65,020,370
Amounts payable on redemption of units	7,606,568	3,768,613
Management fees and performance fees payable	1,445,763	1,917,914
Bank overdrafts	116,023,419	324,353,764
Accruals and other payables	786,709	2,453,577
	<u>1,623,782,847</u>	<u>2,270,682,605</u>

Disclosure is required whenever there is a master netting arrangement irrespective of whether any balances have actually been offset in accordance with IAS 32 "Financial Instruments: Presentation". As at 31 December 2016, the Fund was subject to one (2015: one) passive hedging arrangements with its derivative counterparty. The arrangement gives the Fund and the counterparties the legally enforceable right to set-off certain financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The Fund and its counterparty have elected to settle all transactions on a gross basis; however, each party has the option to settle all open obligations on a net basis in the event of default of the other party. Per the terms of the master netting agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied after notice of such failure is given to the party or bankruptcy.

The following table presents the Fund's financial assets and liabilities eligible to offsetting had the Fund elected to enforce the master netting agreement and similar agreements at the reporting date. The amount to be offset is limited to the absolute value of financial assets or financial liabilities within the same counterparty.

	2016	2015
	<i>US\$</i>	<i>US\$</i>
Financial assets		
Equity securities pledged as collateral	63,593,640	20,997,633
Currency forwards	43,689	248,092
Financial liabilities		
Currency forwards	<u>(120,369)</u>	<u>(52,921)</u>
Net amount	<u><u>63,516,960</u></u>	<u><u>21,192,804</u></u>

As at 31 December 2016, equity securities amounting to US\$63,593,640 were pledged as collateral for stocks borrowed (2015: US\$20,997,633).

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

Capital Management

The capital of the Fund is represented by the net assets attributable to unitholders which is subject to daily subscriptions and redemptions of redeemable units. The Fund's objective for capital management is to provide returns and long-term capital growth for unitholders.

In order to maintain the capital structure, the Manager performs the following:

- Monitor subscriptions and redemptions activities relative to liquid assets;
- To protect the interest of unitholders and in exceptional circumstances, the Manager may limit the total number of units redeemed on any redemption day to 10% in aggregate of the total number of units in issue; and
- Monitor fund investment guidelines and restrictions, in accordance with the Explanatory Memorandum.

The markets in which the Fund invests may be relatively illiquid and the liquidity of these markets may fluctuate substantially over time. Investment of the Fund's assets in relatively illiquid securities may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes. The risk of illiquidity also arises in the case of over-the-counter transactions. As at 31 December 2016, the Manager considers that the amount of such illiquid investments is relatively insignificant compared to the net assets attributable to unitholders and the majority of the Fund's asset can be realised within 7 days or less to generate cash inflows for managing liquidity risk.

Below presents a list of investors who held more than 10% of the net assets of the Fund:

Investor	% of net assets
As at 31 December 2016	
Investor 1	15.57
Investor 2	12.17
As at 31 December 2015	
Investor 1	19.50
Investor 2	10.23

(d) Fair value estimation

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 31 December 2016				
Financial assets held for trading				
Listed equity securities	1,210,744,458	–	1,478,018*	1,212,222,476
Participation notes	–	77,068,075	38,924,499	115,992,574
Quoted debt securities	–	26,594,772	–	26,594,772
Unlisted Investment funds	–	131,302,385	–	131,302,385
Currency forwards	–	43,689	–	43,689
	<u>1,210,744,458</u>	<u>235,008,921</u>	<u>40,402,517</u>	<u>1,486,155,896</u>
Financial liabilities held for trading				
Listed equity securities	(7,826,363)	–	–	(7,826,363)
Currency forwards	–	(120,369)	–	(120,369)
	<u>(7,826,363)</u>	<u>(120,369)</u>	<u>–</u>	<u>(7,946,732)</u>
As at 31 December 2015				
Financial assets held for trading				
Listed equity securities	1,637,555,708	–	1,847,950*	1,639,403,658
Participation notes	–	118,620,667	159,823,603	278,444,270
Unlisted investment funds	27,529,949	45,673,918	38,109	73,241,976
Currency forwards	–	248,092	–	248,092
	<u>1,665,085,657</u>	<u>164,542,677</u>	<u>161,709,662</u>	<u>1,991,337,996</u>
Financial liabilities held for trading				
Listed equity securities	(18,196,836)	–	–	(18,196,836)
Currency forwards	–	(52,921)	–	(52,921)
	<u>(18,196,836)</u>	<u>(52,921)</u>	<u>–</u>	<u>(18,249,757)</u>

* As at 31 December 2016, listed equity securities include 2 (2015: 2) investments whose trading was suspended.

As at 31 December 2016, the fair value of one unlisted equity security and one unlisted investment fund (2015: one unlisted equity security) was fully marked to zero.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equity securities and a daily traded unlisted investee fund. The Fund does not adjust the quoted price for these investments.

Financial instruments that trade in markets that are not considered to be active and are valued based on quoted market prices or broker quotes, or financial instruments for which there is no active market and are valued based on valuation models supported by observable inputs are classified within level 2.

Investments classified within level 3 have significant unobservable inputs, as they are traded infrequently.

The Manager considers that changes in the inputs to the valuation models would not have a significant effect on the net asset value of the Fund. No quantitative analysis has been presented. The table below summarises the key unobservable inputs adopted by the Manager in determining the fair value.

	Fair value US\$	Valuation technique	Unobservable inputs
As at 31 December 2016			
Listed equity securities	1,478,018	Discounted last transacted price	Discount rate
Participation note	38,924,499	Last traded price of underlying securities	–
As at 31 December 2015			
Listed equity securities	1,847,950	Discounted last transacted price	Discount rate
Participation note	159,823,603	Last traded price of underlying securities	–
Unlisted investment fund	38,109	NAV of fund	–

There were no transfers between levels for the year ended 31 December 2016 and 2015.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation (Continued)

The following tables present the movement in level 3 investments for the year:

	2016 <i>US\$</i>	2015 <i>US\$</i>
Opening balance	161,709,662	125,930,891
(Losses)/gains recognised in profit and loss	<u>(121,307,145)</u>	<u>35,778,771</u>
Closing balance	<u><u>40,402,517</u></u>	<u><u>161,709,662</u></u>
Changes in unrealised gains/losses for the year included in the statement of comprehensive income for investments held at the end of the year	<u>(121,307,145)</u>	<u>35,778,771</u>

Other assets and liabilities are carried at amortised cost and their carrying values are a reasonable approximation of fair value.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(e) Derivative financial instruments

The Fund's derivative financial instruments at the reporting date are detailed as follows:

	Notional amount	Fair value	
		Assets US\$	Liabilities US\$
As at 31 December 2016			
Currency forwards	(CAD275,927)	1,782	–
Currency forwards	(CNH228,856)	170	–
Currency forwards	HKD38,891,997	4,365	–
Currency forwards	NZD10,111,555	37,372	–
Currency forwards	AUD43,070,634	–	(65,124)
Currency forwards	CAD10,499,277	–	(35,225)
Currency forwards	CNH18,457,343	–	(19,899)
Currency forwards	(HKD6,917)	–	(1)
Currency forwards	(NZD53,414)	–	(120)
Participation notes			
on China equities	RMB559,816,687	80,581,767	–
Participation notes			
on Vietnam equities	VND806,320,564,000	35,410,807	–
		<u>116,036,263</u>	<u>(120,369)</u>
As at 31 December 2015			
Currency forwards	AUD57,016,468	210,900	–
Currency forwards	HKD1,835,300	27	–
Currency forwards	NZD13,247,233	37,165	–
Currency forwards	(AUD43,206)	–	(183)
Currency forwards	CAD14,234,759	–	(36,783)
Currency forwards	CNH22,467,518	–	(15,819)
Currency forwards	HKD36,272,630	–	(136)
Participation notes			
on China equities	RMB1,809,531,246	278,444,270	–
		<u>278,692,362</u>	<u>(52,921)</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES

Unconsolidated structured entities consist of investments in Investee Funds which are subject to the terms and conditions of the respective Investee Funds' offering documents and are susceptible to market price risk arising from uncertainties about future values of those structured entities. The Manager makes investment decisions after extensive due diligence of the underlying fund, its strategy and the overall quality of the underlying fund's manager.

The Fund's holding in Investee Funds, as a percentage of the respective structured entity's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at structured entities level. It is possible that the Fund may, at any point in time, hold a majority of a structured entity's total shares/units in issue.

The table below summaries the Fund's holdings in Investee Funds as at 31 December 2016.

Investee Funds	Fund Manager	% Ownership 2016	2015	Place of Incorporation	Dealing Frequency
Strategic Asia Fund	Value Partners Hong Kong Limited	98.01%	–	Cayman Islands	Daily*
Value Partners China A-Share Select Fund	Value Partners Hong Kong Limited	22.72%	19.51%	Hong Kong	Daily*
Value Partner Global Contrarian Fund	Value Partners Hong Kong Limited	22.44%	19.38%	Cayman Islands	Bi-weekly*
Value Partners Greater China Equity Fund	Value Partners Hong Kong Limited	92.49%	92.53%	Ireland	Daily*
Value Partners Hedge Fund Ltd	Value Partners Limited	46.57%	18.65%	Cayman Islands	Monthly*
Value Partners Strategic Equity Fund	Value Partners Hong Kong Limited	1.59%	1.60%	Cayman Islands	Suspended#

* The Manager of the Investee Funds also has the ability to limit daily redemptions and withhold the requested amount. Under extraordinary circumstances, the Manager of the Investee Funds also has the ability to suspend redemptions.

The redemption of Value Partners Strategic Equity Fund is suspended.

Movements in the fair value of the Investee Funds' portfolio and corresponding movements in the fair value of the Investee Funds may expose the Fund to a loss. The Fund's maximum exposure to loss from its interests in structured entities is equal to the total fair value of its investments in structured entities. Once the Fund has disposed of its shares/units in a structured entity, the Fund ceases to be exposed to any risk from that structured entity.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES (Continued)

The exposure to investments in Investee Funds at fair value is disclosed in the following table. These investments are included in financial assets at fair value through profit or loss in the statement of financial position.

	Fair value US\$	% of net assets
As at 31 December 2016		
Strategic Asia Fund	60,606,677	4.31
Value Partners China A-Share Select Fund	24,727,828	1.76
Value Partners Global Contrarian Fund	9,185,350	0.65
Value Partners Greater China Equity Fund	31,931,000	2.27
Value Partners Hedge Fund Ltd	4,851,530	0.35
Value Partners Strategic Equity Fund	—	—
	<u>131,302,285</u>	<u>9.34</u>
As at 31 December 2015		
Value Partners China A-Share Select Fund	27,529,949	1.49
Value Partners Global Contrarian Fund	8,874,421	0.48
Value Partners Greater China Equity Fund	31,783,000	1.71
Value Partners Hedge Fund Ltd	5,016,497	0.27
Value Partners Strategic Equity Fund	38,109	0.00
	<u>73,241,976</u>	<u>3.95</u>

Total purchases and total sales in structured entities during the year ended 31 December 2016 were US\$50,000,000 and Nil (2015: US\$42,000,000 and Nil) respectively. The Fund intends to continue opportunistic trading in the Investee Funds. As at 31 December 2016, there were no capital commitment obligations and no amounts due to structured entities for unsettled purchases (2015: Nil and Nil respectively).

During the year ended 31 December 2016, total net gain of US\$8,060,409 (2015: loss US\$1,960,638) was recognised on investments in Investee Funds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 REDEEMABLE UNITS

Units of the Fund are issued in 9 classes, "A" units, "B" units, "C" units USD, "C" units RMB (collectively referred to as "C" units) and "C" units AUD Hedged, "C" units CAD Hedged "C" units NZD Hedged, "C" units HKD Hedged, "C" units RMB Hedged (collectively referred to as "'C" units – Hedged"). All units are subject to daily redemption. The management fees charged to the 9 classes of units are different as disclosed in note 6 (a). Applications for "A" units and "B" units were suspended since 2002 and 2009 respectively unless otherwise agreed by the Manager. New investors who wish to invest in the Fund and existing unitholders who wish to further subscribe for units in the Fund may subscribe for "C" units and "C" units – Hedged.

"A" units, "B" units, "C" units and "C" units – Hedged are redeemable at the option of the unitholders, are subject to different management fee percentages and do not have identical features, and are therefore classified as financial liabilities. The units can be put back to the Fund for cash equal to a proportionate share of the Fund's net asset value. The units are carried at the redemption amount that is payable at the reporting date if the unitholders exercise their right to put the units back to the Fund.

The Fund's capital is represented by these units. The Fund's capital is shown as net assets attributable to unitholders in the statement of financial position. The Fund endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions, such liquidity being augmented by disposal of listed securities where necessary.

Number of units in issue

The movement of number of units in issue during the year was as follows:

	"A" units		"B" units		"C" units USD	
	2016	2015	2016	2015	2016	2015
As at 1 January	738,555	764,130	2,703,319	2,977,735	84,706,326	56,993,570
Issue of units	–	–	49,762	50,328	15,999,005	104,182,818
Redemption of units	<u>(21,472)</u>	<u>(25,575)</u>	<u>(448,474)</u>	<u>(324,744)</u>	<u>(38,145,899)</u>	<u>(76,470,062)</u>
As at 31 December	<u>717,083</u>	<u>738,555</u>	<u>2,304,607</u>	<u>2,703,319</u>	<u>62,559,432</u>	<u>84,706,326</u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 REDEEMABLE UNITS (Continued)

Number of units in issue (Continued)

	"C" units RMB		"C" units AUD Hedged		"C" units CAD Hedged	
	2016	2015	2016	2015	2016	2015
As at 1 January	93,760	–	4,589,343	1,574,574	1,174,830	110,573
Issue of units	1,808,739	93,760	3,246,842	10,711,229	697,638	1,801,812
Redemption of units	(1,019,541)	–	(4,231,216)	(7,696,460)	(990,442)	(737,555)
As at 31 December	<u>882,958</u>	<u>93,760</u>	<u>3,604,969</u>	<u>4,589,343</u>	<u>882,026</u>	<u>1,174,830</u>

	"C" units NZD Hedged		"C" units HKD Hedged		"C" units RMB Hedged	
	2016	2015	2016	2015	2016	2015
As at 1 January	1,056,001	265,709	3,681,887	–	2,269,593	–
Issue of units	1,441,968	3,831,896	6,723,227	3,729,949	5,776,157	2,362,871
Redemption of units	(1,664,231)	(3,041,604)	(6,459,294)	(48,062)	(6,156,395)	(93,278)
As at 31 December	<u>833,738</u>	<u>1,056,001</u>	<u>3,945,820</u>	<u>3,681,887</u>	<u>1,889,355</u>	<u>2,269,593</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 REDEEMABLE UNITS (Continued)

Number of units in issue (Continued)

	2016	2015
Net asset value per unit		
“A” units	USD254.56	USD263.00
“B” units	USD114.57	USD118.96
“C” units	USD14.45	USD15.00
“C” units RMB	RMB10.42	RMB10.20
“C” units AUD Hedged	AUD11.94	AUD12.26
“C” units CAD Hedged	CAD11.58	CAD11.98
“C” units NZD Hedged	NZD12.06	NZD12.39
“C” units HKD Hedged	HKD9.85	HKD10.26
“C” units RMB Hedged	RMB9.61	RMB9.79

6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS

The following is a summary of significant related party transactions/transactions entered into during the period between the Fund and the Trustee, the Manager and their connected persons. Connected persons of the Trustee and the Manager are those as defined in the SFC Code. All such transactions were entered into in the ordinary course of business and on normal commercial terms.

(a) Management fees

The Manager is entitled to receive management fees which represent 0.75% per annum of that portion of the net asset value of the Fund attributable to “A” units and 1.25% per annum of that portion of the net asset value of the Fund attributable to “B” units, “C” units and “C” units – Hedged. The management fees are calculated and accrued daily and payable monthly in arrears.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(b) Performance fees

The Manager is entitled to receive a performance fees which represents 15% of the product of the average number of units in issue during the year and the amount by which the net asset value per unit as at the reporting date before accrual of performance fees exceeds the higher of (i) the initial issue price of the units and (ii) the highest value for the net asset value per unit as at 31 December for any preceding year in which a performance fees was last calculated and paid (after payment of the performance fee). The performance fees is calculated and accrued daily and payable yearly in arrears.

(c) Trustee fees

Prior to 21 September 2015 the Trustee is entitled to receive a trustee fee which represents a variable fee of (i) 0.10% per annum on the first US\$200 million of the net asset value of the Fund; (ii) 0.09% per annum on the next US\$150 million of the net asset value of the Fund; and (iii) 0.08% per annum thereafter, subject to a minimum of US\$4,000 per month. The variable fee was calculated and accrued daily and payable monthly in arrears. The Trustee was also entitled to a fixed fee of US\$3,000 per annum payable quarterly in arrears.

Effective from 21 September 2015 the Trustee is entitled to receive a trustee fee which represents a variable fee of (i) 0.15% per annum on the first US\$150 million of the net asset value of the Fund; (ii) 0.13% per annum on the next US\$150 million of the net asset value of the Fund; and (iii) 0.11% per annum thereafter. Under the terms of the Trust Deed, the Trustee is also entitled to a fixed annual fee of US\$3,000. The variable fee was calculated and accrued daily and payable monthly in arrears.

(d) Registrar fee

The Trustee is also entitled to 0.03% per annum of the Fund's NAV for the services provided as the Fund's registrar.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(e) Manager's and its related parties' holding in the Fund

The Manager and its related parties held units of the Fund as follows:

	As at 1 January	Issue of units	Redemption of units	As at 31 December
Year 2016				
"A" units				
Director of the Manager	34,669	–	–	34,669
Spouse of a director of the Manager	6,615	–	–	6,615
Value Partners Limited*	5,591	–	–	5,591
"B" units				
Director of the Manager	14,749	–	–	14,749
Spouse of a director of the Manager	1,992	–	–	1,992
Value Partners Limited*	5,348	–	–	5,348
"C" units				
Value Partners Limited*	741,290	–	(741,290)	–
Director of parent company of the Manager	78,409	–	–	78,409
"C" units AUD Hedged				
Value Partners Limited*	1,102	–	(1,102)	–
"C" units CAD Hedged				
Value Partners Limited*	1,106	–	(1,106)	–
"C" units NZD Hedged				
Value Partners Limited*	1,166	–	(1,166)	–

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(e) Manager's and its related parties' holding in the Fund (Continued)

	As at 1 January	Issue of units	Redemption of units	As at 31 December
Year 2015				
"A" units				
Director of the Manager	34,669	–	–	34,669
Spouse of a director of the Manager	6,615	–	–	6,615
Value Partners Limited*	5,591	–	–	5,591
"B" units				
Director of the Manager	14,749	–	–	14,749
Spouse of a director of the Manager	1,992	–	–	1,992
Value Partners Limited*	5,348	–	–	5,348
"C" units				
Value Partners Limited*	741,290	–	–	741,290
Director of parent company of the Manager	–	78,409	–	78,409
"C" units AUD Hedged				
Value Partners Limited*	1,102	–	–	1,102
"C" units CAD Hedged				
Value Partners Limited*	1,106	–	–	1,106
"C" units NZD Hedged				
Value Partners Limited*	1,166	–	–	1,166

* Value Partners Limited is the wholly owned subsidiary of the Manager.

NOTES TO THE FINANCIAL STATEMENTS (Continued)**6 RELATED PARTY TRANSACTIONS/TRANSACTIONS WITH THE TRUSTEE, THE MANAGER AND THEIR CONNECTED PERSONS (Continued)****(f) Preliminary charges**

The Manager is entitled to receive a preliminary charge on issue of units which represents up to 5% of the issue price. For the year ended 31 December 2016, total preliminary charges on issue of redeemable participating units amounting to US\$2,515,137 (2015: US\$18,506,732) were received by the Manager. The preliminary charges are not reflected in the financial statements of the Fund.

(g) Investment in funds managed by the Manager or its related party

During the year and as of 31 December 2016 and 2015, the Fund invested in other funds, which are also managed by the Manager or its related party. Refer to note 4 for further details.

In accordance with the Fund's Explanatory Memorandum, the managers of these funds have waived the management fees payable by the Fund by refunding the relevant fees to the Fund, which is included in the statement of comprehensive income as "other income". For the year ended 31 December 2016, the waived management fees are amounted to US\$1,071,985 (2015: US\$105).

(h) Investment in customized participation note

During the year and as of 31 December 2016 and 2015, the Fund invested in a customized participation note which is designed to represent the net performance of the notional basket of certain China A Shares. The composition of the underlying basket of equity securities is determined by the Manager. As at 31 December 2016, the investment amounted to US\$38,924,499 (2015: US\$159,823,603).

(i) Cross trade with other funds managed by the Manager's related party

During the year ended 31 December 2016, the Fund has transacted with another fund which is managed by the Manager's related party. The Fund purchased an investment of US\$6,059,150 from such fund. The transaction was carried out at fair value of investments on the date of the transaction. There was no similar transaction in the year ended 31 December 2015.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(j) Other transaction and balances with the Trustee and its related parties

In addition to the trust fee of US\$1,777,552 and the registrar fee of US\$460,242 (2015: US\$2,232,527 and US\$584,326 respectively), as disclosed in Note 6(c), the Fund had the following additional transactions with the Trustee and its related parties. All such transactions were entered into in the ordinary course of business and were on normal commercial terms.

	2016 US\$	2015 US\$
Interest on bank deposits	19,821	29,358
Transaction costs*	20,347,275	29,366,662
Interest expense	4,859,805	4,535,939
Stock borrowing fee	637,502	39,309
Safe custody and bank charges	62,007	51,636

* The Fund paid commission to a related party of the Trustee for the purchases and sales of investments. The total aggregate value and the average commission rate of these transactions for the year ended 31 December 2016 are US\$11,051,394,443 and 0.18% respectively (2015: US\$16,541,534,548 and 0.18% respectively). For the year ended 31 December 2016, these transactions represent 100% (2015: 100%) of the total purchases and sales of investments of the Fund.

In addition to the trustee fee payable of US\$137,008 and registrar fee payable of US\$35,354 (2015: US\$181,214 and US\$47,337 respectively), as disclosed in Note 6(c), the Fund had the following additional balances with the Trustee and its related parties.

	2016 US\$	2015 US\$
Bank balances	79,313,212	95,971,013
Bank overdrafts	(116,023,419)	(324,353,764)
Interest receivable	520	1,533
Transaction costs payable	2,254	3,171
Interest expense payable	438,593	835,239
Safe custody and bank charges payable	2	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)**7 TAXATION****(a) Cayman Islands**

The Fund has obtained an undertaking from the Governor-in-Council of the Cayman Islands that, in accordance with Section 81 of the Trusts Law (2001 Revision) of the Cayman Islands, for a period of 50 years from 1 April 1993, no laws thereafter enacted in the Cayman Islands imposing any tax or duty on income, capital assets, gains or appreciations will apply to the Fund.

(b) Hong Kong

No provision for Hong Kong profits tax has been made as the dividend and interest income and realised gains on sales of investments of the Fund are excluded from the charge to profits tax under Section 14, 26 or 26A of the Hong Kong Inland Revenue Ordinance.

(c) 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.

The Fund invests in various derivative instruments linked to "A" shares of companies listed in the PRC and in "A" shares through Stock Connect. Prior to 17 November 2014, a 10% tax was withheld by the relevant Qualified Foreign Institutional Investors ("QFIIs") on all PRC sourced dividends and realised capital gains. With effect from 17 November 2014, a 10% tax is only withheld on all PRC sourced dividends only.

(d) Other jurisdictions

Overseas withholding tax was charged on certain dividend and investment income received during the years ended 31 December 2016 and 2015.

8 DISTRIBUTION

No distribution statement is prepared as no distribution has been made.

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 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.

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.

10 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 25 April 2017.

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 DECEMBER 2016

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed Equity Securities			
China			
China International Travel Service Corp Ltd A Shares	706,966	4,416,312	0.31
China National Accord Medicines Co Ltd B Shares	3,808,966	22,835,033	1.63
Chongqing Changan Automobile Co Ltd B Shares	16,580,956	23,712,433	1.69
Huangshan Tourism Development Co Ltd B Shares	56,700	76,262	0.01
SAIC Motor Corp Ltd A Shares	6,442,159	21,744,315	1.55
Wuxi Little Swan Co Ltd B Shares	621,981	1,963,467	0.14
Yonghui Superstores Co Ltd A Shares	33,462,399	23,648,849	1.68
		<u>98,396,671</u>	<u>7.01</u>
Hong Kong – H Shares			
AviChina Industry & Technology Co Ltd – H Shares	11,295,000	7,777,902	0.55
China Construction Bank Corp H – Shares	9,898,000	7,620,032	0.54
China Longyuan Power Group Corp – H Shares	42,378,000	33,116,778	2.36
CRRC Corp Ltd – H Shares	7,720,000	6,928,856	0.49
Dongfeng Motor Group Co Ltd – H Shares	14,310,000	13,969,167	0.99
Industrial and Commercial Bank of China Ltd – H Shares	12,245,000	7,342,547	0.52
Livzon Pharmaceutical Group Inc	5,375,300	31,469,769	2.24
PetroChina Co Ltd – H Shares	85,320,000	63,593,640	4.53
PICC Property And Casualty Co Ltd – H Shares	11,216,000	17,471,892	1.24
Ping An Insurance (Group) Co of China Ltd – H Shares	5,643,500	28,236,785	2.01
Sinopharm Group Co – H Shares	954,800	3,933,854	0.28
Yunnan Water Industry Investment & Development Co Ltd – H Shares	17,311,000	9,085,557	0.65
		<u>230,546,779</u>	<u>16.40</u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2016

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
Hong Kong – Red Chips			
Beijing Tong Ren Tang Chinese Medicine Co Ltd	4,048,000	5,470,623	0.39
BOC Hong Kong Holdings Ltd	9,040,500	32,351,203	2.30
China Mobile Ltd	2,755,000	29,203,064	2.08
China Unicom (Hong Kong) Ltd	6,100,000	7,103,176	0.51
Universal Medical Financial & Technical Advisory Services Co Ltd	6,545,500	5,410,481	0.39
		<u>79,538,547</u>	<u>5.67</u>
Hong Kong – Others			
AAC Technologies Holdings Inc	2,405,000	21,848,976	1.56
China ZhengTong Auto Services Holdings Ltd	12,189,000	3,552,315	0.25
Chow Tai Fook Jewellery Group Ltd	563,600	430,984	0.03
Galaxy Entertainment Group Ltd	1,536,000	6,694,882	0.48
Goodbaby International Holdings Ltd	28,203,000	13,492,866	0.96
HSBC Holdings Plc	877,600	7,044,837	0.50
Kingboard Chemical Holdings Ltd	2,386,000	7,230,583	0.51
Kingboard Laminates Holding Ltd	20,189,000	19,838,315	1.41
Lee & Man Paper Manufacturing Ltd	9,105,000	7,068,243	0.50
Li Ning Co Ltd	28,217,500	17,720,766	1.26
Lifestyle China Group Ltd	21,125,500	5,039,805	0.36
Lifestyle International Holdings Ltd	11,349,300	14,635,382	1.04
Logan Property Holdings Co Ltd	169,434,000	64,018,159	4.56
Luk Fook Holdings (International) Ltd	5,449,000	14,229,080	1.01
Luye Pharma Group Ltd	11,282,000	6,692,354	0.48
Minth Group Ltd	20,586,000	64,109,753	4.56
Real Gold Mining Ltd*	14,179,500	1,462,803	0.10
Sands China Ltd	1,680,000	7,300,863	0.52
Shimao Property Holdings Ltd	5,434,500	7,106,120	0.51
Sitoy Group Holdings Ltd	1,540,000	401,150	0.03
Skyworth Digital Holdings Ltd	29,710,000	16,934,014	1.21
Tao Heung Holdings Ltd	13,151,000	3,289,997	0.23
Techtronic Industries Co Ltd	5,723,000	20,516,513	1.46
Tencent Holdings Ltd	899,900	22,013,879	1.57
Texwinca Holdings Ltd	8,528,000	5,575,581	0.40
WH Group Ltd	14,069,000	11,375,376	0.81
Xingda International Holdings Ltd	15,082,000	6,826,547	0.49
Yihai International Holding Ltd	7,801,000	3,289,524	0.23
		<u>379,739,667</u>	<u>27.03</u>

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2016

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
Singapore			
SIIC Environment Holdings Ltd	224,658,980	90,838,750	6.46
South Korea			
Amorepacific Corp	43,339	7,403,665	0.53
Samsung Electronics Co Ltd	17,996	26,957,948	1.92
Samsung Electronics Co Ltd Pref	11,225	13,371,761	0.95
SK Hynix Inc	428,918	15,938,148	1.13
		63,671,522	4.53
Taiwan			
Fubon Financial Holding Co Ltd	9,577,000	15,112,689	1.08
Hon Hai Precision Industry Co Ltd	8,545,000	22,262,106	1.58
ITEQ Corp	14,000	14,425	—
Largan Precision Co Ltd	653,000	76,576,317	5.45
Mega Financial Holding Co Ltd	8,803,000	6,264,705	0.45
Nan Ya Plastics Corp	3,792,000	8,353,922	0.59
Taiwan Semiconductor Manufacturing Co Ltd	10,141,000	56,950,757	4.05
Wah Lee Industrial Corp	3,442,000	4,888,388	0.35
		190,423,309	13.55
United Kingdom			
Worldsec Ltd*	200,000	15,215	0.00
United States			
Weibo Corp SPON ADR	1,947,094	79,052,016	5.63
Participation Notes			
CICC Financial Trading (Dong-E E-Jiao Co Ltd A Shares) P Note 08/07/2018	572,568	4,439,692	0.32
CICC Financial Trading (Sichuan Swellfun Co Ltd A Shares) P Note 18/10/2019	3,165,914	8,709,429	0.62
CICC Financial Trading (Fuyao Group Glass Industry Co Ltd A Shares) P Note 15/12/2018	3,571,554	9,578,908	0.68
CICC Financial Trading (Kweichow Moutai Co Ltd A Shares) ELN 19/03/2018	393,572	18,929,239	1.35
Customized China A Shares Tradable Index – Proprietary Index Linked Note	100,000,000	38,924,499	2.77

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2016

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Participation Notes (Continued)			
Macquarie Bank (Military Commercial Joint Stock Bank) CWts 20/04/2017	3,757,025	2,310,570	0.16
Macquarie Bank Ltd (Bao Viet Holdings) CWts 20/01/2017	2,853,290	7,293,009	0.52
Macquarie Bank Ltd (FPT Corp) CWts 01/06/2017	5,940,604	11,477,247	0.82
Macquarie Bank Ltd (Saigon Securities Inc) CWts 04/04/2017	4,189,620	3,607,263	0.26
Macquarie Bank Ltd (Vietnam Dairy Products JSC (Vinamilk)) CWts 27/06/2017	1,943,930	<u>10,722,718</u>	<u>0.76</u>
		<u>115,992,574</u>	<u>8.26</u>
Quoted Debt Securities			
Logan Property Holdings (REG) 5.75% 01/03/2022	26,647,000	<u>26,594,772</u>	<u>1.89</u>
Unlisted Equity Securities			
Eganagoldpfeil Holdings Ltd	6,885,464	<u>—</u>	<u>—</u>
Unlisted Investment Funds			
Strategic Asia Fund	49,225	60,606,677	4.31
Value Partners Fund Series – Value Partners China A-Share Select Fund	12,236,224	24,727,828	1.76
Value Partners Global Contrarian Fund	1,295,536	9,185,350	0.65
Value Partners Greater China Equity Fund	3,700,000	31,931,000	2.27
Value Partners Hedge Fund Ltd	149,970	4,851,530	0.35
Value Partners Strategic Equity Fund	238,180	<u>—</u>	<u>—</u>
		<u>131,302,385</u>	<u>9.34</u>
Currency Forwards			
		<u>43,689</u>	<u>0.00</u>
Total financial assets at fair value through profit or loss		<u>1,486,155,896</u>	<u>105.77</u>

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 31 DECEMBER 2016

	Holdings	Fair value US\$	% of net assets
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed Equity Securities			
<i>Hong Kong – H Shares</i>			
Fuyao Glass Industry Group Co Ltd – H Shares	(1,059,600)	(3,286,185)	(0.24)
Tsingtao Brewery Co Ltd – H Shares	(902,000)	<u>(3,408,075)</u>	<u>(0.24)</u>
		<u>(6,694,260)</u>	<u>(0.48)</u>
<i>Hong Kong – Others</i>			
China Maple Leaf Educational Systems Ltd	(1,708,000)	<u>(1,132,103)</u>	<u>(0.08)</u>
Currency Forwards			
		<u>(120,369)</u>	<u>(0.01)</u>
Total financial liabilities at fair value through profit or loss		<u>(7,946,732)</u>	<u>(0.57)</u>
Total investments, net		<u>1,478,209,164</u>	<u>105.20</u>
Total investments, at cost (inclusive of transaction cost)		<u>1,472,535,699</u>	

* *The trading of the equity securities has been suspended.*

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2016

	% of net assets	
	2016	2015
Listed equity securities		
China	7.01	8.47
Hong Kong		
– H shares	15.92	25.00
– Red chips	5.67	25.08
– Others	26.95	13.83
Singapore	6.46	4.08
South Korea	4.53	0.83
Taiwan	13.55	6.12
United Kingdom	0.00	0.00
United States	5.63	3.99
	<hr/>	<hr/>
	85.72	87.40
Participation notes	8.26	15.01
Quoted debt securities	1.89	–
Unlisted investment funds	9.34	3.95
Currency forwards	(0.01)	0.01
	<hr/>	<hr/>
Total investments, net	<u>105.20</u>	<u>106.37</u>

PERFORMANCE RECORD (UNAUDITED)

Net assets (at last traded price)

	2016	2015	2014
Net assets	US\$1,405,126,466	US\$1,854,918,610	US\$1,457,536,620
Net asset value per unit			
“A” units	USD254.56	USD263.00	USD267.03
“B” units	USD114.57	USD118.96	USD121.39
“C” units USD	USD14.45	USD15.00	USD15.31
“C” units RMB	RMB10.42	RMB10.20	–
“C” units AUD Hedged	AUD11.94	AUD12.26	AUD12.42
“C” units CAD Hedged	CAD11.58	CAD11.98	CAD12.24
“C” units NZD Hedged	NZD12.06	NZD12.39	NZD12.28
“C” units HKD Hedged	HKD9.85	HKD10.26	–
“C” units RMB Hedged	RMB9.61	RMB9.79	–

VALUE PARTNERS CLASSIC FUND

(A Hong Kong unit trust)

PERFORMANCE RECORD (UNAUDITED)

Performance record for the past 10 years

	Highest issue price per unit								
	"A" units <i>USD</i>	"B" units <i>USD</i>	"C" units <i>USD</i>	"C" units	"C" units	"C" units	"C" units	"C" units	"C" units
				RMB	AUD	CAD	NZD	HKD	RMB
				<i>RMB</i>	Hedged <i>AUD</i>	Hedged <i>CAD</i>	Hedged <i>NZD</i>	Hedged <i>HKD</i>	Hedged <i>RMB</i>
2016	281.21	126.76	15.99	10.93	13.17	12.83	13.21	10.84	10.49
2015	337.67	153.19	19.45	10.27	15.93	15.80	15.88	10.39	10.03
2014	267.03	121.39	15.31	-	12.42	12.24	12.28	-	-
2013	236.15	107.92	13.57	-	-	-	-	-	-
2012	222.32	98.22	12.33	-	-	-	-	-	-
2011	240.26	111.25	13.99	-	-	-	-	-	-
2010	239.02	110.92	13.98	-	-	-	-	-	-
2009	188.46	87.86	10.88	-	-	-	-	-	-
2008	196.45	92.48	-	-	-	-	-	-	-
2007	212.93	100.32	-	-	-	-	-	-	-

	Lowest redemption price per unit								
	"A" units <i>USD</i>	"B" units <i>USD</i>	"C" units <i>USD</i>	"C" units	"C" units	"C" units	"C" units	"C" units	"C" units
				RMB	AUD	CAD	NZD	HKD	RMB
				<i>RMB</i>	Hedged <i>AUD</i>	Hedged <i>CAD</i>	Hedged <i>NZD</i>	Hedged <i>HKD</i>	Hedged <i>RMB</i>
2016	209.79	94.84	11.96	8.1	9.78	9.54	9.9	8.19	7.84
2015	233.18	105.66	13.32	9.79	10.89	10.67	10.96	9.90	9.40
2014	210.81	96.14	12.09	-	9.54	9.52	9.54	-	-
2013	190.68	87.34	10.96	-	-	-	-	-	-
2012	173.02	79.61	9.99	-	-	-	-	-	-
2011	161.65	74.68	9.37	-	-	-	-	-	-
2010	171.15	79.73	9.88	-	-	-	-	-	-
2009	95.93	44.92	9.86	-	-	-	-	-	-
2008	85.40	40.04	-	-	-	-	-	-	-
2007	139.14	65.82	-	-	-	-	-	-	-