

VALUE PARTNERS CLASSIC FUND

2018 SEMI-ANNUAL
REPORT

For the six months ended 30 June 2018

Value Partners Hong Kong Limited

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

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VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

GENERAL INFORMATION

Manager

Value Partners Hong Kong Limited
43rd Floor, The Center
99 Queen's 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 and Custodian

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

Legal Advisors

Deacons
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Auditor

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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate Awards	
2018	<ul style="list-style-type: none"> Insights & Mandate Professional Investment Awards 2018 Offshore China Equity (10 Years) – <i>Insights & Mandate</i>
2017	<ul style="list-style-type: none"> Benchmark Fund of the Year Awards 2017, Hong Kong Manager of the Year – Greater China Equity (Outstanding Award) Dato' Seri Cheah Cheng Hye and Mr. Louis So (Value Partners' Co-CIOs) – <i>Benchmark</i> Benchmark Fund of the Year Awards 2017, Hong Kong Manager of the Year – High Yield Fixed Income Mr. Gordon Ip (Value Partners' CIO, Fixed Income) – <i>Benchmark</i> Benchmark Fund of the Year Awards 2017, Hong Kong House Award (ETF) – Commodity ETF (Outstanding Achiever) for Sensible Asset Management – <i>Benchmark</i> The 15th China's Financial Annual Champion Awards 2017 Value Partners: Best Fund House of the Year – <i>Hexun.com</i> AsiaHedge Awards 2017 Management Firm of the Year: Value Partners – <i>AsiaHedge</i> Listed Company Award of Excellence 2017 Value Partners Group Limited – Best Listed Company (Main Board category) – <i>Hong Kong Economic Journal & PR Asia</i> The Asset Benchmark Research Awards 2017 – Asian G3 Bonds Top Investment House Value Partners – Ranked Number 1 in Hedge Fund category – <i>The Asset Benchmark Survey</i> The Asset Triple A, Asset Servicing, Investor and Fund Management Awards 2017 Fund Manager of the Year – Long-only Fixed Income (Highly Commended) Mr. Gordon Ip, Value Partners Greater China High Yield Income Fund – <i>The Asset</i> Asset Management Awards for Excellence 2017 Best Fund Provider – Greater China Equity – <i>Asian Private Banker</i>
Value Partners Classic Fund	
2017	<ul style="list-style-type: none"> AsiaHedge Awards 2017 Best Asia ex-Japan Fund – <i>AsiaHedge</i> HFM Asia Performance Awards 2017 Fund of the Year 2017 – <i>HFM Week</i> HFM Asia Performance Awards 2017 Best Greater China fund over US\$500 million – <i>HFM Week</i>

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MANAGER'S REPORT

Volatility persisted in the second quarter of 2018 as concerns about rising trade tensions, US-North Korea relations and deleveraging in China deepened. Greater China equities (as represented by the MSCI Golden Dragon Index) ended the period with a 3.7% fall (in USD). We saw two major sources of volatility as we navigated an increasingly turbulent market in the second quarter – the US-China trade war and China's deleveraging bias.

Trade war rhetoric weighed on market

In mid-June, US President Trump approved the final list of goods to be included in the application of a 25% tariff on \$50 billion worth of Chinese imports in which \$34 billion will be implemented on 6 July as part one. Shortly after, China threatened to retaliate by imposing tariffs of "the same strength" on US goods. As the back-and-forth continued, we believe that the trade war will get worse before it gets better because of Trump's tendency to strain relationships to the limit. Despite this negatively affecting specific sectors and companies, we reiterate our belief that the impact of the tariffs on China's overall economy will be limited – a 25% tariff on \$50 billion of Chinese imports is equivalent to a mere 0.1% of China's GDP and only affects 2.2%¹ of China's total exports. We continue to believe that the two sides will resolve the dispute through negotiations eventually, but fear and uncertainty in financial markets will linger, and investors may feel the pinch of the trade war in the short term.

China's deleveraging triggered a string of bond defaults

The number of bond default cases has been ratcheting up since the start of the year – 16 cases from eight issuers worth a combined RMB14 billion were reported year-to-date. Although default cases continued to cloud investor sentiment in the onshore market, we see them as an anticipated consequence of the deleveraging and de-risking measures that Chinese authorities have been implementing to weed out poor quality companies. Allowing defaults can also help to improve price differentiation in China's credit market, where the credit spread on high yield papers has widened to 300 basis points in early June from as narrow as 50 basis points in March.

While deleveraging policies will burden China's GDP growth, we believe that China's policy makers will remain flexible by constantly reviewing and fine-tuning policies so as to avoid a sharp deceleration in economic growth. The nimble policy approach was evidenced by the two RRR cuts by the People's Bank of China (PBOC) in the second quarter to inject liquidity into the market. On the other hand, contrary to the Fed's rate hike policy, the PBOC injected net liquidity of RMB403 billion via its medium-term lending facility (MLF) in June. This, together with the State Council's plan to ease financial constraints for SMEs, also signals more policy fine-tuning could be possible. That said though, we expect deleveraging to remain the priority, and policies will continue to have a tightening stance to achieve quality growth in the long run.

MANAGER'S REPORT (Continued)

China market not all gloom

Amid the market pessimism, encouraging signs were often left unnoticed. In China, macro data reflected a sanguine economy this year, with revenue and earnings growth remaining strong, profitability continuing to improve, capital expenditure rebounding, and debt levels staying largely stable. China's corporate earnings growth has stayed on track against this favorable backdrop – expected earnings growth for offshore China equities in 2018 was revised upwards to 16%² (vs. 14.9% in 1Q). However, we will closely monitor how the actual implementation of tariffs will change over time and whether it will lead to any potential disruptions to the operating efficiency of individual companies in our portfolio. We will also keep an eye out for any material signs of deterioration in China's macro data.

Portfolio strategy review

In the second quarter, a number of macro events, including the US-China trade dispute and Fed tightening, continued to be the main drivers for falling investor risk appetite, especially in emerging markets. Our fund was down 6.1%. During this period of flight to quality, we remained nimble and focused on quality bottom-up stock picking. From a sector perspective, we continued to overweight the domestic consumption space, where we rotated into companies with a quality earnings outlook that is less sensitive to macro event risks such as education operators. Within technology, we maintained our underweight position on the sector in light of the changing environment and mixed outlook.

During the volatile period, our portfolio was mainly detracted by our positions in technology and financials. Despite our underweight position in technology, uncertainties from the trade dispute and mixed earnings weighed on the outlook for the sector, which saw modest downward earnings revisions. In financials, the recent bond defaults in the onshore China market have reignited concerns about China's debt problem and consequently, the asset quality of Chinese banks. We retain our financials positions on the back of stable profitability for Chinese banks and we view the near-term asset quality stress as a consequential side effect of the ongoing deleveraging process, which, more importantly, will be positive for the long-term health of the Chinese financial system. On the other hand, our positions in the healthcare and education sectors contributed the most on the back of favorable policies and earnings immunity against macro events such as the trade dispute between China and the US.

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MANAGER'S REPORT (Continued)

Outlook

Looking ahead, volatility may persist in the market for an extended period of time as the US-China trade war drags on, but investors need not stay on the sidelines. After the recent market correction, valuations of China equities have become more attractive at 12.6³ times price to earnings, as compared to the January high of 14 times. We continue to see near-term market headwinds as buy-on-dip opportunities for long-term investors provided that China's macro fundamentals stay solid.

Value Partners Hong Kong Limited

24 August 2018

1. Source: the World Bank, Office of the US Trade Representative, export and GDP data as of 2016, CLSA estimates
2. Source: JP Morgan research, 23 June 2018
3. Source: FactSet, I/B/E/S, MSCI, Worldscope, Goldman Sachs Research, 30 June 2018

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 29 June 2018. Performance data is net of all fees.

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 materials have been obtained from sources believed to be reliable, but their 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 securities as at 29 June 2018

Stock	Industry	Valuation (2018 Estimates)	Remarks
AIA Group Limited (Code: 1299 HK) Market cap: US\$105 billion	Insurance	Price: HKD68.75 P/E: 18.5x P/EV*: 1.8x Yield: 1.7%	AIA Group Limited offers insurance and financial services. Its product lines cover life insurance, credit insurance, employee benefits, and pension services to its corporate clients. For individuals, the company provides basic life insurance along with savings, investment, and retirement products. Founded in 1919, American International Group was a cornerstone of AIA's Asia-based operations. In 2010 AIG spun off AIA through a public offering.
Alibaba Group Holdings (Code: BABA US) Market cap: US\$493 billion	Internet	Price: US\$192.55 P/E: 31.5x P/B: 7.0x Yield: 0.0%	Alibaba group holding limited operates as a holding company. The company provides internet infrastructure, eCommerce, online financial, and internet content services through its subsidiaries. Alibaba Group Holding offers its product and services worldwide.
BAIC Motor Corporation (Code: 1958 HK) Market cap: US\$4.7 billion	Automobiles & components	Price: HKD7.50 P/E: 6.5x P/B: 0.9x Yield: 5.3%	BAIC Motor is a leading passenger car manufacturer in China with a wide range of brands, from joint-venture luxury passenger cars, luxury commercial vehicles to passenger cars of self-owned brands. It is one of the enterprises supported by the Beijing municipal government. Through its joint-venture with Daimler, the company is best-positioned to enjoy strong growth from the luxury passenger car segment which has outperformed the overall China automotive sales. Along with the management's determination and effort in turning around its self-owned brand business, BAIC Motor is set to deliver strong earnings growth in the years ahead, which is expected to trigger a re-rating of the company as a whole.

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MANAGER'S REPORT (Continued)

10 biggest holdings of securities as at 29 June 2018 (Continued)

Stock	Industry	Valuation (2018 Estimates)	Remarks
China Education Group Holdings Limited (Code: 839 HK) Market cap: US\$3.5 billion	Education	Price: HKD13.5 P/E: 33.0x P/B: 3.7x Yield: 0.9%	China Education Group is one of the largest private higher education providers in China. The company operates universities, junior colleges and vocational colleges in Jiangxi, Guangdong, Henan and Xi'an. The company's universities enroll approximately 150,000 students to date.
Huaneng Renewables Corporation (Code: 958 HK) Market cap: US\$3.5 billion	Utilities	Price: HKD2.59 P/E: 6.3x P/B: 0.8x Yield: 2.4%	Huaneng Renewables principally engages in the wind power generation businesses. The businesses of the company include the development and operation of wind power plants and solar power plants, electricity generation and the sales of electricity, as well as the provision of related services, among others. We expect the government to provide more clarity on clean energy subsidies soon, which will likely help renewable companies regain their growth momentum.
Industrial & Commercial Bank of China (Code: 1398 HK) Market cap: US\$288 billion	Banks	Price: HKD5.68 P/E: 5.6x P/B: 0.8x Yield: 5.4%	Industrial and Commercial Bank of China ("ICBC") is one of China's biggest banks and one of the largest in the world. The Chinese government controls about 70% of ICBC. The bank provides various financial products and services worldwide, covering corporate, retail, and investment banking as well as asset management, trust, financial leasing and insurance.

MANAGER'S REPORT (Continued)

10 biggest holdings of securities as at 29 June 2018 (Continued)

Stock	Industry	Valuation (2018 Estimates)	Remarks
<p>Kweichow Moutai (Code: 600519 CH)</p> <p>Market cap: US\$138 billion</p>	White spirit manufacturer	<p>Price: CNY731.00 P/E: 25.5x P/B: 8.3x Yield: 2.0%</p>	<p>Kweichow Moutai is China's largest liquor manufacturer in terms of market value. With its premium brand positioning and effective channel management, Moutai has successfully expanded its market share in private consumption in the past three years after huge decline in official consumption. Moutai has a distinguished brand among other players in China and is expected to benefit from the consumption upgrade cycle.</p>
<p>Ping An Insurance (Code: 2318 HK)</p> <p>Market cap: US\$163 billion</p>	Insurance	<p>Price: HKD71.75 P/E: 11.0x P/EV*: 1.1x Yield: 2.8%</p>	<p>Ping An Insurance is a financial conglomerate that provides insurance, banking, securities, trust and asset management services in China. Ping An has delivered very fast premium and New Business Value growth in 2017, thanks to its superior agency force and multi-product platform. It is also a leading player in fintech and is expected to spin-off a few such operations in the coming years.</p>
<p>SIIC Environment (Code: 807 HK)</p> <p>Market cap: US\$0.9 billion</p>	Wastewater treatment	<p>Price: HKD2.51 P/E: 9.9x P/B: 0.7x Yield: 0.0%</p>	<p>SIIC Environment is a Singapore & HK dual 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. The company's accounting policy is more conservative than local peers, implying a high quality of earnings. 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>

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MANAGER'S REPORT (Continued)

10 biggest holdings of securities as at 29 June 2018 (Continued)

Stock	Industry	Valuation (2018 Estimates)	Remarks
Taiwan Semiconductor Manufacturing (Code: 2330 TT) Market cap: US\$183.8 billion	Semiconductors and semiconductor equipment	Price: TWD216.50 P/E: 15.5x P/B: 3.3x Yield: 3.9%	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.

*EV = Embedded value

Note: The above investments made up 39.5% of Value Partners Classic Fund as at 29 June 2018. The stock prices are based on the closing of 29 June 2018.

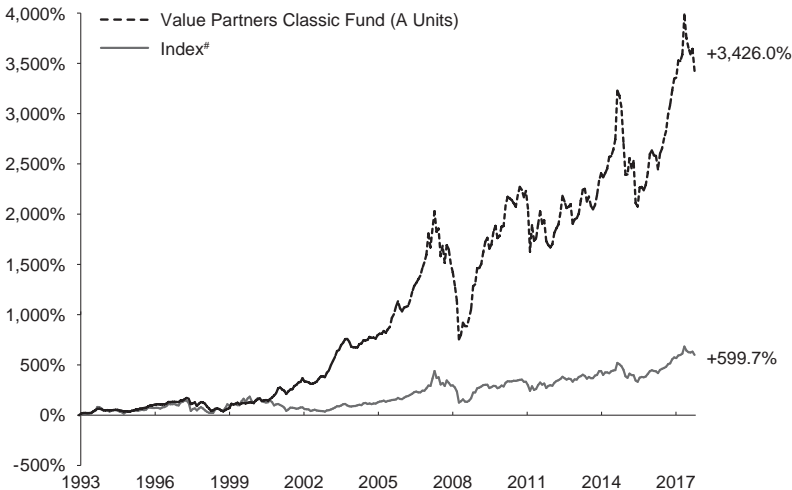
Individual stock performance/yield is not necessarily indicative of overall fund performance.

MANAGER'S REPORT (Continued)

Value Partners Classic Fund – NAV as at 30 June 2018

Classes	NAV per unit
A Units	USD352.60
B Units	USD157.56
C Units USD	USD19.77
C Units HKD ^β	HKD155.1480
C Units RMB	RMB13.62
C Units AUD Hedged	AUD16.39
C Units CAD Hedged	CAD15.93
C Units HKD Hedged	HKD13.44
C Units NZD Hedged	NZD16.91
C Units RMB Hedged	RMB13.71
C units MDis USD	USD9.50
C units MDis HKD	HKD9.49
C units MDis RMB	RMB9.32
C units MDis RMB Hedged	RMB9.46
Z Units	USD10.69

Performance since launch
From 1 April 1993 to 30 June 2018



^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.

[#] 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. With effect from 1 October 2017, it is the MSCI Golden Dragon Net Total Return Index, which takes into account of dividend reinvestment after deduction of withholding tax. All indices are for reference only.

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STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2018

	30.06.2018	31.12.2017
	US\$	US\$
Assets		
Financial assets at fair value through profit or loss	1,396,972,282	1,534,964,849
Amounts receivable on sales of investments	1,554,943	–
Amounts receivable on issue of units	5,749,222	4,343,843
Dividends receivables and other receivables	11,743,885	15,951,768
Bank balances	39,149,621	147,178,053
	<u>1,455,169,953</u>	<u>1,702,438,513</u>
Liabilities		
Financial liabilities at fair value through profit or loss	22,858,885	25,580,693
Amounts payable on purchase of investments	9,004,595	8,253,855
Amounts payable on redemption of units	11,284,690	5,493,233
Management fees payable	1,376,106	1,505,179
Performance fees payable	–	85,421,326
Distributions payable to unitholders	253,924	13,706
Bank overdrafts	9,036,031	–
Accruals and other payables	776,923	569,155
	<u>54,591,154</u>	<u>126,837,147</u>
Liabilities (excluding net assets attributable to unitholders)		
	<u>54,591,154</u>	<u>126,837,147</u>
Net assets attributable to unitholders	<u>1,400,578,799</u>	<u>1,575,601,366</u>

STATEMENT OF FINANCIAL POSITION (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	30.06.2018	31.12.2017
Net asset value per unit		
– A Units with 682,978 (31.12.2017: 693,728) units outstanding	USD352.60	USD368.78
– B Units with 1,835,299 (31.12.2017: 2,014,204) units outstanding	USD157.56	USD165.15
– C Units USD with 37,434,339 (31.12.2017: 43,445,496) units outstanding	USD19.77	USD20.71
– C Units RMB with 448,431 (31.12.2017: 351,200) units outstanding	RMB13.62	RMB14.03
– C Units AUD Hedged with 2,629,933 (31.12.2017: 2,408,653) units outstanding	AUD16.39	AUD17.21
– C Units CAD Hedged with 1,076,814 (31.12.2017: 1,148,980) units outstanding	CAD15.93	CAD16.79
– C Units HKD Hedged with 5,561,664 (31.12.2017: 4,664,243) units outstanding	HKD13.44	HKD14.24
– C Units NZD Hedged with 525,759 (31.12.2017: 922,333) units outstanding	NZD16.91	NZD17.60
– C Units RMB Hedged with 2,576,555 (31.12.2017: 1,635,908) units outstanding	RMB13.71	RMB14.33
– C Units MDis USD with 2,042,893 (31.12.2017: 242,922) units outstanding	USD9.50	USD10.16
– C Units MDis HKD with 18,737,984 (31.12.2017: 1,805,725) units outstanding	HKD9.49	HKD10.17
– C Units MDis RMB with 455,972 (31.12.2017: 19,411) units outstanding	RMB9.32	RMB9.91
– C Units MDis RMB Hedged with 4,675,799 (31.12.2017: 385,249) units outstanding	RMB9.46	RMB10.15
– Z Units with 1,377,271 (31.12.2017: 885,000) units outstanding	USD10.69	USD11.18

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INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed Equity Securities			
China			
Bank of Ningbo Co Ltd	2,746,880	6,756,102	0.48
China CYTS Tours Holding Co Ltd	2,172,221	6,536,522	0.47
China National Accord Medicines Corp Ltd	2,747,418	10,996,464	0.79
Chongqing Changan Automobile Co Ltd	69,390	70,118	0.01
Huangshan Tourism Development Co Ltd	9,637,962	11,449,899	0.82
Inner Mongolia Yili Industrial Group Co Ltd	1,606,336	6,766,686	0.48
Kweichow Moutai Co Ltd	144,495	15,958,013	1.14
Zoomlion Heavy Industry Science and Technology Co Ltd	16,284,601	10,105,420	0.72
		<u>68,639,224</u>	<u>4.91</u>
Hong Kong – H shares			
AviChina Industry & Technology Co Ltd H Shrs	7,723,000	4,595,823	0.33
BAIC Motor Corp Ltd H Shrs	43,569,500	41,639,376	2.97
Bank of China Ltd H Shrs	556,500	275,851	0.02
China CITIC Bank Corp Ltd H Shrs	16,671,000	10,430,461	0.74
China Construction Bank Corp H Shrs	28,574,000	26,397,903	1.88
China Everbright Bank Co Ltd H Shrs	31,241,000	13,415,758	0.96
China International Capital Corp Ltd H Shrs	6,846,400	12,196,348	0.87
China Merchants Bank Co Ltd H Shrs	8,449,000	31,168,382	2.23
China Shenhua Energy Co Ltd H Shrs	8,538,000	20,257,983	1.45
Hisense Kelon Electrical Holdings Co Ltd H Shrs	6,885,000	7,027,435	0.50
Huaneng Renewables Corp Ltd H Shrs	121,766,000	40,497,379	2.89
Industrial & Commercial Bank of China Ltd H Shrs	54,855,000	41,031,245	2.93
PetroChina Co Ltd H Shrs	47,870,000	36,416,494	2.60
Ping An Insurance (Group) Co of China Ltd H Shrs	4,180,000	38,456,863	2.75
Weichai Power Co Ltd H Shrs	12,874,000	17,750,114	1.27
Zoomlion Heavy Industry Science and Technology Co Ltd H Shrs	24,727,000	10,555,446	0.75
ZTE Corp H Shrs	5,832,600	8,859,288	0.63
		<u>360,972,149</u>	<u>25.77</u>

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	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			
BOC Aviation Ltd	2,070,500	12,862,051	0.92
BOC Hong Kong (Holdings) Ltd	3,167,500	14,913,907	1.07
China Foods Ltd	1,150,000	599,351	0.04
China Resources Beer (Holdings) Co Ltd	3,002,000	14,574,580	1.04
China Taiping Insurance Holdings Co Ltd	1,535,800	4,804,482	0.34
CNOOC Ltd	14,536,000	25,079,793	1.79
		<u>72,834,164</u>	<u>5.20</u>
Hong Kong – Others			
AIA Group Ltd	5,963,400	52,128,884	3.72
A-Living Services Co Ltd	9,427,750	17,275,368	1.23
Beijing Tong Ren Tang Chinese Medicine Co Ltd	13,911,000	28,503,932	2.04
China Education Group Holdings Ltd	22,647,000	38,092,983	2.72
China Yuhua Education Corp Ltd	34,590,000	24,594,904	1.76
Chow Tai Fook Jewellery Group Ltd	3,660,000	4,122,814	0.29
ENN Energy Holdings Ltd	762,000	7,491,198	0.54
Galaxy Entertainment Group Ltd	3,251,000	25,166,547	1.80
Hengan International Group Co Ltd	464,500	4,468,822	0.32
Honghua Group Ltd	31,799,000	2,957,990	0.21
HSBC Holdings PLC	3,966,800	37,203,045	2.66
KWG Property Holding Ltd	26,933,000	33,839,351	2.42
Logan Property Holdings Co Ltd	5,188,000	7,020,772	0.50
Minsheng Education Group Co Ltd	52,300,000	13,062,254	0.93
Real Gold Mining Ltd*	14,179,500	542,054	0.04
Sany Heavy Equipment International Holdings Co Ltd	30,343,000	11,174,208	0.80
Shimao Property Holdings Ltd	9,535,000	25,029,276	1.79
SIIC Environment Holdings Ltd	224,658,980	72,141,422	5.15
Techtronic Industries Co Ltd	6,147,000	34,269,017	2.45
United Co RUSAL PLC	24,687,000	6,448,854	0.46
Value China ETF	550,800	2,993,459	0.21
Wynn Macau Ltd	1,974,000	6,351,392	0.45
		<u>454,878,546</u>	<u>32.49</u>

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INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed Equity Securities (Continued)			
<i>Taiwan</i>			
Fubon Financial Holding Co Ltd	5,003,000	8,387,300	0.60
MediaTek Inc	2,704,000	26,613,300	1.90
Mega Financial Holding Co Ltd	8,803,000	7,768,797	0.55
Taiwan Semiconductor Manufacturing Co Ltd	9,960,000	70,743,742	5.05
Wah Lee Industrial Corp	3,442,000	6,007,493	0.43
		<u>119,520,632</u>	<u>8.53</u>
<i>United Kingdom</i>			
Worldsec Ltd*	200,000	<u>16,237</u>	<u>0.00</u>
<i>United States</i>			
Alibaba Group Holding Ltd	373,239	69,247,032	4.94
Four Seasons Education Cayman Inc	1,228,231	6,657,012	0.48
RISE Education Cayman Ltd	307,405	4,340,559	0.31
RYB Education Inc	840,264	16,511,188	1.18
Weibo Corp	300,134	26,639,894	1.90
		<u>123,395,685</u>	<u>8.81</u>

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INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Participation Notes			
Bao Viet Holdings P Notes 03/31/2020	2,171,890	7,690,662	0.55
Customized China A Shares Tradable Index – Proprietary Index Linked Note	100,000,000	834,000	0.06
FPT Corp P Notes 06/01/2017	7,856,448	14,204,458	1.02
Kweichow Moutai Co Ltd P Note 01/04/2021	233,672	25,806,736	1.84
Military Commercial Joint Stock Bank P Notes 03/29/2019	3,944,876	4,501,103	0.32
Saigon Securities Inc P Notes 03/29/2019	4,189,620	5,199,318	0.37
		<u>58,236,277</u>	<u>4.16</u>
Quoted Debt Securities			
CENTER TRANCHE B	7,000,000	7,192,743	0.51
Logan Property Holdings Co Ltd 5.75% 1/3/2022	26,647,000	25,414,332	1.81
		<u>32,607,075</u>	<u>2.32</u>
Unlisted Equity Securities			
EganaGoldpfeil Holdings Ltd*	6,885,464	–	–
Unlisted Investment Funds			
Emerging Market Fund	41,504	21,688,789	1.55
Strategic Asia Fund	10,339	41,339,247	2.95
Value Partners China A Share Opportunity Fund	89,475	14,257,902	1.02
Value Partners Global Contrarian Fund	91,148	730,097	0.05
Value Partners Hedge Fund Ltd	149,069	6,612,718	0.47
Value Partners Ireland Fund Plc – Value Partners Greater China Equity Fund	1,850,000	21,182,500	1.51
Value Partners Strategic Equity Fund	238,180	–	–
		<u>105,811,253</u>	<u>7.55</u>
Currency Forwards			
		<u>61,040</u>	<u>0.00</u>
Total financial assets at fair value through profit or loss		<u>1,396,972,282</u>	<u>99.74</u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	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>			
Zhuzhou CRRC Times Electric Co Ltd	(1,500,900)	(7,133,801)	(0.51)
<i>United States</i>			
JD.com Inc	(390,838)	<u>(15,223,140)</u>	<u>(1.09)</u>
		----- (22,356,941)	----- (1.60)
Currency Forwards		<u>(501,944)</u>	<u>(0.04)</u>
Total financial liabilities at fair value through profit or loss		<u>----- (22,858,885)</u>	<u>----- (1.64)</u>
Total investments, net		<u>1,374,113,397</u>	<u>98.10</u>
Total investments, at cost (inclusive of transaction cost)		<u>1,427,897,619</u>	

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

INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

FOR THE PERIOD ENDED 30 JUNE 2018

	% of net assets	
	30.06.2018	31.12.2017
Listed equity securities		
China	4.91	7.65
Hong Kong		
– H shares	25.26	21.68
– Red chips	5.20	7.07
– Others	32.49	23.31
Singapore	–	5.49
South Korea	–	1.20
Taiwan	8.53	7.03
United Kingdom	0.00	0.00
United States	7.72	7.55
	<u>84.11</u>	<u>80.98</u>
Participation notes	4.16	3.87
Quoted debt securities	2.32	1.73
Unlisted investment funds	7.55	9.14
Currency forwards	<u>(0.04)</u>	<u>0.08</u>
Total investments, net	<u><u>98.10</u></u>	<u><u>95.80</u></u>

VALUE PARTNERS CLASSIC FUND

(A Hong Kong Unit Trust)

DISTRIBUTION TO UNITHOLDERS (UNAUDITED)

In accordance with the Explanatory Memorandum of the Fund, the Manager may determine to make a distribution out of the income and/or capital. During the period ended 30 June 2018, the Fund declared total distributions to redeemable participating shareholders of US\$556,713 (Period ended 30 June 2017: US\$ Nil).

The table below summarises the dividend distribution made during the reporting period.

Classes	01.01.2018 to 30.06.2018	01.01.2017 to 30.06.2017	Frequency	Ex-dividend dates*
C Units MDis USD	USD0.0251	–	Monthly	Last business day of January to May
C Units MDis USD	USD0.0275	–	Monthly	Last business day of June
C Units MDis HKD	HKD0.0251	–	Monthly	Last business day of January to May
C Units MDis HKD	HKD0.0275	–	Monthly	Last business day of June
C Units MDis RMB	RMB0.0337	–	Monthly	Last business day of January to May
C Units MDis RMB	RMB0.0257	–	Monthly	Last business day of June
C Units MDis RMB Hedged	RMB0.0335	–	Monthly	Last business day of January to May
C Units MDis RMB Hedged	RMB0.0399	–	Monthly	Last business day of June

* Last business day of each month in 2018 are 31 January 2018, 28 February 2018, 29 March 2018, 30 April 2018, 31 May 2018, 29 June 2018.

C Units MDis USD, C Units MDis HKD, C Units MDis RMB and C Units MDis RMB Hedged were launched on 17 October 2017. First distribution was on 31 October 2017.