

VALUE PARTNERS HIGH-DIVIDEND STOCKS 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.*

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

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# VALUE PARTNERS HIGH-DIVIDEND STOCKS 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

Deacon  
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:

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Hong Kong

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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate Awards	
2018	<ul style="list-style-type: none"> <li>Insights &amp; Mandate Professional Investment Awards 2018 Offshore China Equity (10 Years) – <i>Insights &amp; Mandate</i></li> </ul>
2017	<ul style="list-style-type: none"> <li>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></li> <li>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></li> <li>Benchmark Fund of the Year Awards 2017, Hong Kong House Award (ETF) – Commodity ETF (Outstanding Achiever) for Sensible Asset Management – <i>Benchmark</i></li> <li>The 15th China’s Financial Annual Champion Awards 2017 Value Partners: Best Fund House of the Year – <i>Hexun.com</i></li> <li>AsiaHedge Awards 2017 Management Firm of the Year: Value Partners – <i>AsiaHedge</i></li> <li>Listed Company Award of Excellence 2017 Value Partners Group Limited – Best Listed Company (Main Board category) – <i>Hong Kong Economic Journal &amp; PR Asia</i></li> <li>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></li> <li>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></li> <li>Asset Management Awards for Excellence 2017 Best Fund Provider – Greater China Equity – <i>Asian Private Banker</i></li> </ul>
Value Partners High-Dividend Stocks Fund	
2017	<ul style="list-style-type: none"> <li>2017 Thomson Reuters Lipper Fund Awards 2017 Best Asia Pacific ex-Japan Equity (10 Years) – <i>Thomson Reuters</i></li> </ul>

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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## MANAGER'S REPORT

The Asia ex-Japan market continued to be buffeted by volatility in the second quarter as concerns about rising trade tensions, US-North Korea relations and deleveraging in China deepened. 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. Against this backdrop, the MSCI Asia ex Japan Index declined 5.4% in the quarter. In the high dividend space, the MSCI Asia ex Japan High Dividend Yield Index fell 7% (in USD terms) over the same period.

### 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. 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, we reiterate our belief that the impact of the tariffs on China's 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%<sup>1</sup> 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 is underway. That said though, we expect deleveraging to remain the priority, and policies will continue to have a tightening stance.

**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%<sup>2</sup> (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.

**Korea's economy continued to expand**

South Korea's economy continued to expand in the second quarter on the back of resilient exports. Export growth rebounded to 13.5%<sup>3</sup> year-on-year in May from -1.5% year-on-year in April. A decline in ship exports as a result of delivery timing saw export growth slip back to -0.1% in June although non-ship exports continued to be strong. Meanwhile, the consumer price index remained subdued in the second quarter on the back of weakening consumer sentiment in the domestic economy, while the unemployment rate has risen to 4% due to a sharp rise in the minimum wage. The property market in South Korea will likely continue to weigh on household sentiment following the government's recent announcement of a property tax hike.

**ASEAN underperformed**

While the ASEAN region encountered the same macro headwinds as other emerging markets during the second quarter, the region was under additional pressures as weaker-than-expected first quarter earnings and a steeper drop in currencies drove the market's underperformance versus North Asia. With the downward earnings revisions across the board (except Singapore), the region could be more vulnerable amid a rising interest rate environment and trade policy uncertainties in the near term. Although the region's year-to-date correction has made its valuation more attractive, it remains to be seen whether it has reached a point where the risk-reward tradeoff is favorable for long-term investors.

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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## MANAGER'S REPORT (Continued)

### Portfolio strategy review

In the second quarter, Asia ex-Japan markets were negatively impacted during this round of flight to quality, which was driven by a number of macro events, including the US-China trade dispute and Fed tightening. North Asia markets outperformed South Asia markets, with the former offering stronger corporate fundamentals, particular in the Hong Kong and China offshore markets. Our overweight position in the Hong Kong market contributed the most, while our stock picks in South Korea were among the key contributors.

During the quarter, the Asia ex-Japan market was down 5.4%, while our fund dropped 4.8%. Our overweight positions and stock picks in the Hong Kong and Korea consumer sectors were encouraging as they exhibited quality earnings outlook but at the same time, are less sensitive to macro event risks. In particular, our holdings in a Korea sports apparel company had a resilient rally during the second quarter as the company continued to see recovering sales and margins for its Korea business and rapidly growing China sales for its joint venture on the mainland of China. Our holdings in another Korea consumer company, which engages in the duty free shops business, was another key contributor thanks to the company's solid revenue growth, which is backed by strong Chinese demand. Our key holdings in a Hong Kong sea freight and logistics company also contributed positively on the back of increases in freight rates and trade volumes in Asia. These helped the company's free cash flow, which is supportive for higher dividend payouts.

During the volatile period, our portfolio was mainly detracted by our positions in technology and financials. Despite our underweight positions in technology, slower demand expectations for technology hardware weighed on the performance of our holdings in Taiwan and South Korea. 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.



**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. From a bottom-up stock picking perspective, we remain constructive on Asia ex-Japan markets, where the consensus 2018 estimated earnings growth is 13.6%<sup>4</sup> (up from 12.4% in 1Q). After the recent market correction, valuations of Asia ex-Japan equities have become more attractive at 12.4<sup>4</sup> times price to earnings, as compared to the January high of 13.7 times. We continue to see near-term market headwinds as buy-on-dip opportunities for long-term investors provided that the region's macro fundamentals stay solid, particularly in North Asia.

**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: Ministry of Trade, Industry and Energy, South Korea
4. Source: FactSet, I/B/E/S, MSCI, Worldscope, Goldman Sachs Research, 30 June 2018

*Fund performance mentioned is referred to Value Partners High-Dividend Stocks Fund (Class A1). 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 March 2018. Performance data is net of all fees. All indices are for reference only.*

*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.*

## VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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### MANAGER'S REPORT (Continued)

#### 10 biggest holdings of securities as at 29 June 2018

Stock	Industry	Valuation (2018 Estimates)	Remarks
China Construction Bank (Code: 939 HK)  Market cap: US\$225 billion	Banks	Price: HKD7.02 P/E: 5.6x P/B: 0.8x Yield: 5.4%	China Construction Bank ranks second in China in terms of assets and deposits. Conservatively managed, it has controlled risk weighted asset growth and built up loan loss provision buffer over the past few years. It is one of the best capitalized banks in the country.
China Lilang (Code: 1234 HK)  Market cap: US\$1.7 billion	Consumer durables and apparel	Price: HKD11.26 P/E: 14.1x P/B: 3.3x Yield: 4.7%	Lilang is a menswear company. Its products include formal and casual wear under its own brand. It has 2,500 shops in China through franchisees. The company is highly profitable, asset light and cash generative. The management is willing to share its business success with investors, as reflected in its high dividend payout ratio. The business is undergoing a turnaround due to a better external operating environment, as well as innovative new apparel lines and distribution channels.
China Resources Power (Code: 836 HK)  Market cap: US\$9.0 billion	Power generation	Price: HKD14.48 P/E: 10.9x P/B: 0.9x Yield: 6.0%	China Resources Power is one of the largest power producers in China. It has coal, gas and wind operations. The company enjoys a higher profit margin, lower financing cost, faster cash conversion and stronger capex discipline than peers. It has also committed to paying an absolute dividend per share for 2016-18 of at least HK\$0.88, which implies a 6% dividend yield.

MANAGER'S REPORT (Continued)

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

Stock	Industry	Valuation (2018 Estimates)	Remarks
Far East Consortium Limited (Code: 35 HK)  Market cap: US\$1.4 billion	Real estate	Price: HKD4.67 P/E: 6.4x P/B: 0.9x Yield: 5.6% <i>* Based on end of Mar-19 financial year consensus estimates</i>	Far East Consortium is a geographically diversified real estate company. It has residential development projects in Hong Kong, China, Singapore, Malaysia, Australia and the UK. Leveraging on its smaller size, it can enter and exit different markets based on different domestic property cycles. The management's track record shows that this strategy has been working very well. In addition, Far East Consortium's recurring profit from its hospitality segment is benefiting from the structural growth of Chinese outbound tourism. Increase in investor relations intensity has been helping its stock to rerate.
Far East Horizon (Code: 3360 HK)  Market cap: US\$3.7 billion	Diversified financials	Price: HKD7.41 P/E: 7.1x P/B: 0.9x Yield: 4.2%	Far East Horizon is one of the largest financial leasing companies in China. It has very good track record and delivered industry leading performance. They also have selected industrial operations, namely healthcare services and education. The group own and manage 26 hospitals with over 10,000 beds, as well as 5 kindergartens. There is potential for separate listing hence realisation of hidden value.

## VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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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
Longfor Properties (Code: 960 HK)  Market cap: US\$16.5 billion	Real estate	Price: HKD21.85 P/E: 9.0x P/B: 1.36x Yield: 4.1%	Longfor Properties is a leading property developer in China which is also the first non-state developer that has attained investment grade credit rating. With a sharp focus on profitability instead of scale expansion, Longfor's management has been building a sizable recurring income through a portfolio of shopping malls targeted at the middle class. Over the next few years, just rental income will be enough to cover its interest expenses.
Ping An Insurance (Code: 2318 HK)  Market cap: US\$163 billion	Insurance	Price: HKD71.75 P/E: 11.0x P/EV: 1.1x Yield: 2.8%	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.
Qingdao Port International (Code: 6198 HK)  Market cap: US\$4.5 billion	Transportation	Price: HKD5.88 P/E: 8.4x P/B: 1.2x Yield: 4.2%	Qingdao Port is one of the largest ports in Northern China, ranking number 4 by container throughput, after Shanghai, Shenzhen and Ningbo-Zhoushan. It has a diversified revenue mix, including containers, liquid bulk, dry bulk, land logistics, value-added services and financials. As a result, its business performance has been much less volatile than that of other port operators with more siloed businesses. The company is gaining market share as a result of shipping alliances, where ships are getting bigger and hence tend to only call at major regional ports. The company is applying to list its A-shares at a higher valuation than its H-shares.

**MANAGER’S REPORT (Continued)**

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

Stock	Industry	Valuation (2018 Estimates)	Remarks
SITC International (Code: 1308 HK)  Market cap: US\$3.0 billion	Transportation	Price: HKD8.75 P/E: 13.6x P/B: 2.8x Yield: 5.5%	SITC International provides marine transportation and land logistics services in Asia, where trade volume growth is the highest and competition is relatively rational. Despite the capital intensive nature of the shipping business, the company is able to stay in net cash position, thanks to the excellent execution capability of the management.
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 31.5% of Value Partners High-Dividend Stocks 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.

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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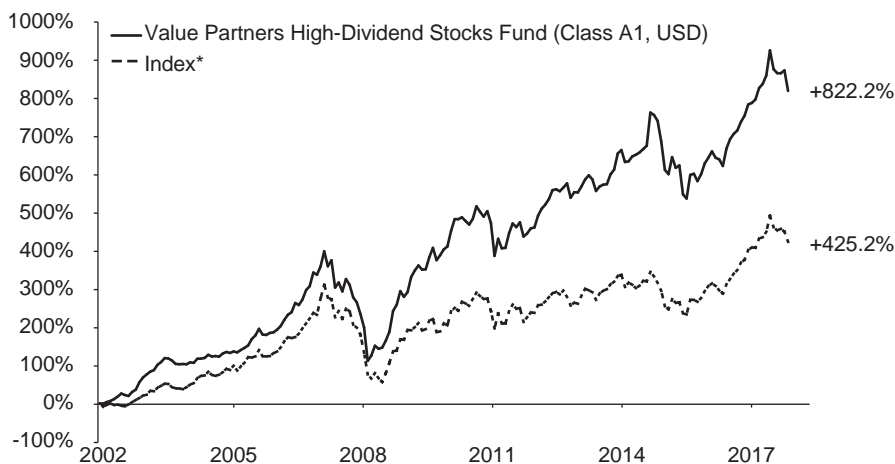
## MANAGER'S REPORT (Continued)

Value Partners High-Dividend Stocks Fund – NAV as at 30 June 2018

Classes	NAV per unit
Class A1 USD	USD91.27
Class A1 HKD <sup>β</sup> (for reference only)	HKD716.2550
Class A Acc RMB Hedged	RMB13.12
Class A Acc RMB Unhedged	RMB14.87
Class A2 MDis USD	USD11.64
Class A2 MDis HKD	HKD10.77
Class A2 MDis AUD Hedged	AUD10.05
Class A2 MDis CAD Hedged	CAD10.21
Class A2 MDis GBP Hedged	GBP9.66
Class A2 MDis NZD Hedged	NZD10.39
Class A2 MDis RMB Hedged	RMB10.35
Class A2 MDis RMB Unhedged	RMB10.37
Class A2 MDis SGD Hedged	SGD11.16
Class Z	USD14.63
Class X Acc USD Unhedged	USD14.93

### Performance since launch

From 2 September 2002 to 30 June 2018



<sup>β</sup> Investors should note that the base currency of the Fund is in USD. The HKD equivalent NAV per unit for the Fund is for reference only and should not be used for subscription or redemption purpose. Conversion to the base currency of the Fund 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 MSCI AC Asia Pacific (ex-Japan) Total Return Index up to 30 April 2016, thereafter it is the MSCI AC Asia (ex-Japan) Total Return Index.

**VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND**

(A Hong Kong unit trust)

**STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

AS AT 30 JUNE 2018

	<b>30.06.2018</b>	<b>31.12.2017</b>
	<i>US\$</i>	<i>US\$</i>
<b>Assets</b>		
Financial assets at fair value through profit or loss	3,057,325,708	3,345,094,342
Amounts receivable on sales of investments	4,477,773	5,188,789
Amounts receivable on issue of units	14,187,370	18,594,739
Dividends, interest receivables and other receivables	21,676,758	3,694,802
Margin deposits	3,849	3,828
Bank balances	33,623,305	136,748,645
	<u>3,131,294,763</u>	<u>3,509,325,145</u>
<b>Total assets</b>		
	<u>3,131,294,763</u>	<u>3,509,325,145</u>
<b>Liabilities</b>		
Financial liabilities at fair value through profit or loss	3,590,758	95,127
Amounts payable on purchase of investments	10,752,026	2,202,227
Amounts payable on redemption of units	15,587,287	18,137,850
Management fees payable	3,181,009	3,345,030
Performance fees payable	–	173,031,983
Distribution payable	8,494,552	7,872,797
Bank overdrafts	27,739,595	–
Accruals and other payables	905,434	820,935
	<u>70,250,661</u>	<u>205,505,949</u>
<b>Liabilities (excluding net assets attributable to unitholders)</b>		
	<u>70,250,661</u>	<u>205,505,949</u>
<b>Net assets attributable to unitholders</b>		
	<u>3,061,044,102</u>	<u>3,303,819,196</u>

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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## STATEMENT OF FINANCIAL POSITION (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	30.06.2018	31.12.2017
<b>Net asset value per unit</b>		
– Class A1 with 11,844,840 (31.12.2017: 12,948,886) units outstanding	USD91.27	USD95.32
– Class A Acc RMB hedged with 1,493,931 (31.12.2017: 1,400,765) units outstanding	RMB13.12	RMB13.62
– Class A Acc RMB Unhedged with 588,483 (31.12.2017: 587,858) units outstanding	RMB14.87	RMB15.28
– Class A2 MDis USD with 82,257,569 (31.12.2017: 81,461,162) units outstanding	USD11.64	USD12.45
– Class A2 MDis HKD with 387,318,557 (31.12.2017: 363,013,240) units outstanding	HKD10.77	HKD11.46
– Class A2 MDis AUD Hedged with 33,415,988 (31.12.2017: 31,339,020) units outstanding	AUD10.05	AUD10.82
– Class A2 MDis CAD Hedged with 7,536,240 (31.12.2017: 5,667,525) units outstanding	CAD10.21	CAD10.98
– Class A2 MDis GBP Hedged with 3,188,084 (31.12.2017: 2,517,956) units outstanding	GBP9.66	GBP10.43
– Class A2 MDis NZD Hedged with 6,870,605 (31.12.2017: 8,987,013) units outstanding	NZD10.39	NZD11.14
– Class A2 MDis RMB Hedged with 19,439,631 (31.12.2017: 16,035,731) units outstanding	RMB10.35	RMB11.08
– Class A2 MDis RMB Unhedged with 510,625 (31.12.2017: 1,737,382) units outstanding	RMB10.37	RMB10.86
– Class A2 MDis SGD Hedged with 1,673,588 (31.12.2017: 222,304) units outstanding	SGD11.16	SGD12.07
– Class Z with 2,154,790 (31.12.2017: 3,021,288) units outstanding	USD14.63	USD15.19
– Class X Acc USD Unhedged with 1,024,070 (31.12.2017: 1,252,386) units outstanding	USD14.93	USD15.50



# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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## INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Listed Equity Securities</b>			
<b>China</b>			
Chongqing Changan Automobile Co Ltd B Shrs	77,102	77,911	0.00
Guangdong Provincial Expressway Development Co Ltd B Shrs	6,972,873	5,508,886	0.18
Huayu Automotive Systems Co Ltd A Shrs (SHHK)	4,985,587	17,855,269	0.58
Qingdao Haier Co Ltd A Shrs (SHHK)	13,424,184	39,037,283	1.28
		62,479,349	2.04
<b>Hong Kong - H Shares</b>			
China Communications Construction Co Ltd H Shrs	15,452,000	14,924,998	0.49
China Construction Bank Corp H Shrs	183,550,000	169,571,464	5.54
China Longyuan Power Group Corp Ltd H Shrs	29,881,000	24,064,264	0.79
China Machinery Engineering Corp H Shrs	47,390,000	22,705,702	0.74
China Vanke Co Ltd H Shrs	4,571,800	15,991,527	0.52
Chongqing Rural Commercial Bank Co Ltd H Shrs	28,148,000	16,750,385	0.55
Great Wall Motor Co Ltd H Shrs	13,332,000	10,193,115	0.33
PetroChina Co Ltd H Shrs	36,034,000	27,412,408	0.90
PICC Property & Casualty Co Ltd H Shrs	5,574,000	6,016,040	0.20
Ping An Insurance (Group) Co of China Ltd H Shrs	10,549,500	97,057,578	3.17
Qingdao Port International Co Ltd H Shrs	101,894,000	76,346,004	2.49
Shanghai Pharmaceuticals Holding Co Ltd H Shrs	17,352,800	47,872,691	1.56
Zhejiang Expressway Co Ltd H Shrs	4,682,000	4,176,282	0.14
		533,082,458	17.42

## VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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### INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed Equity Securities (Continued)</b>			
<b><i>Hong Kong - Red chips</i></b>			
BOC Aviation Ltd	9,496,900	58,995,225	1.93
BOC Hong Kong (Holdings) Ltd	3,264,000	15,368,269	0.50
CGN New Energy Holdings Co Ltd	43,044,000	7,624,086	0.25
China Mobile Ltd	1,273,000	11,306,327	0.37
China Resources Power Holdings Co Ltd	46,004,507	81,015,627	2.65
China State Construction International Holdings Ltd	31,828,000	32,648,678	1.07
Far East Horizon Ltd	86,676,000	84,051,195	2.74
Jinmao Hotel and Jinmao (China) Hotel Investments and Management Ltd	17,769,000	10,189,101	0.33
		<u>301,198,508</u>	<u>9.84</u>

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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## INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed Equity Securities (Continued)</b>			
<i>Hong Kong - Others</i>			
China Lilang Ltd	56,286,000	80,760,528	2.64
China Tian Lun Gas Holdings Ltd	7,282,500	6,867,088	0.22
China Yongda Automobiles Services Holdings Ltd	74,107,000	72,807,142	2.38
China ZhengTong Auto Services Holdings Ltd	23,940,000	15,954,611	0.52
Chow Sang Sang Holdings International Ltd	10,397,500	20,032,774	0.65
CIFI Holdings Group Co Ltd	44,178,000	28,090,985	0.92
CK Asset Holdings Ltd	7,666,720	60,863,654	1.99
Convenience Retail Asia Ltd	30,097,000	12,771,086	0.42
CSI Properties Ltd	679,100,000	40,238,989	1.31
EGL Holdings Co Ltd	28,140,000	3,585,787	0.12
Far East Consortium International Ltd	128,309,114	76,354,522	2.49
FSE Services Group Ltd	24,928,000	8,640,059	0.28
Golden Eagle Retail Group Ltd	12,284,000	14,776,520	0.48
Goldpac Group Ltd	33,053,000	8,381,550	0.27
Haier Electronics Group Co Ltd	4,779,000	16,350,901	0.53
Haitian International Holdings Ltd	20,917,000	49,362,910	1.61
HKBN Ltd	33,666,000	51,822,556	1.69
Hopefluent Group Holdings Ltd	33,844,800	14,577,029	0.48
HSBC Holdings PLC	5,050,000	47,361,949	1.55
Lee & Man Chemical Co Ltd	41,792,000	32,591,545	1.06
Longfor Properties Co Ltd	49,294,000	132,850,994	4.34
Nameson Holdings Ltd	94,898,000	14,269,194	0.47
Real Gold Mining Ltd	4,283,500	163,750	0.01
SITC International Holdings Co Ltd	73,498,000	81,949,055	2.68
Skyworth Digital Holdings Ltd	33,566,671	14,970,513	0.49
SmarTone Telecommunications Holdings Ltd	10,936,500	11,288,176	0.37
Springland International Holdings Ltd	28,024,000	7,427,691	0.24
Times China Holdings Ltd	45,572,000	67,594,513	2.21
TK Group (Holdings) Ltd	64,254,000	54,857,416	1.79
Transtech Optelecom Science Holdings Ltd	5,912,000	2,041,569	0.07
Wonderful Sky Financial Group Holdings Ltd	67,948,000	10,303,482	0.34
		1,059,908,538	34.62

## VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

### INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed Equity Securities (Continued)</b>			
<b>Indonesia</b>			
Acset Indonusa Tbk PT	41,467,200	6,923,270	0.23
Bank Pan Indonesia Tbk PT	182,704,000	10,848,649	0.35
Bekasi Fajar Industrial Estate Tbk PT	593,941,200	10,372,708	0.34
BFI Finance Indonesia Tbk PT	107,631,600	5,112,783	0.17
Cikarang Listrindo Tbk PT	98,854,000	8,148,636	0.27
Garuda Maintenance Facility Aero Asia PT	109,281,700	2,259,685	0.07
Indosat Tbk PT	72,688,700	16,147,404	0.53
Link Net Tbk PT	59,751,700	18,324,135	0.60
Media Nusantara Citra Tbk PT	40,558,900	2,606,650	0.09
Panin Financial Tbk PT	1,135,429,900	16,180,770	0.53
PP Persero Tbk PT	101,927,900	14,205,112	0.46
Puradelta Lestari Tbk PT	316,795,300	2,832,679	0.09
Total Bangun Persada Tbk PT	55,441,600	2,420,608	0.08
Ultrajaya Milk Industry & Trading Co Tbk PT	65,279,000	6,156,246	0.20
Waskita Karya Persero Tbk PT	106,966,400	14,384,236	0.47
XL Axiata Tbk PT	108,516,100	19,103,080	0.62
		156,026,651	5.10
<b>Malaysia</b>			
CB Industrial Product Holding Bhd	506,100	161,681	0.01
Mah Sing Group Bhd	55,268,471	14,645,187	0.48
UOA Development Bhd	3,761,900	2,217,266	0.07
		17,024,134	0.56
<b>Philippines</b>			
Megaworld Corp	35,429,200	2,840,681	0.09
Metropolitan Bank & Trust Co	14,701,176	20,214,616	0.66
Pryce Corp	16,142,000	1,799,251	0.06
		24,854,548	0.81

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

## INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed Equity Securities (Continued)</b>			
<b>Singapore</b>			
Asian Pay Television Trust	35,482,100	10,538,078	0.34
CapitaLand Retail China Trust	9,468,809	10,554,460	0.35
China Jinjiang Environment Holding Co Ltd	4,866,200	1,677,200	0.05
City Developments Ltd	971,600	7,787,620	0.25
DBS Group Holdings Ltd	1,916,100	37,390,402	1.22
Propnex Ltd	6,315,321	3,010,273	0.10
Viva Industrial Trust	14,281,800	9,164,063	0.30
		80,122,096	2.61
<b>South Korea</b>			
Amotech Co Ltd	223,519	6,602,554	0.22
BGF retail Co Ltd	182,014	31,818,633	1.04
DB Insurance Co Ltd	760,274	40,212,795	1.31
Fila Korea Ltd	1,444,245	43,568,043	1.42
Hyundai Marine & Fire Insurance Co Ltd	935,954	28,276,556	0.92
Kangwon Land Inc	951,784	22,312,704	0.73
KoMiCo Ltd	201,171	5,130,855	0.17
Lotte Confectionery Co Ltd	34,579	5,610,908	0.18
Samsung Electronics Co Ltd Pref	2,172,050	73,312,310	2.40
Samsung Fire & Marine Insurance Co Ltd	1	237	0.00
Samsung Fire & Marine Insurance Co Ltd Pref	174,609	28,567,458	0.93
Samyang Packaging Corp	523,332	7,694,196	0.25
TechWing Inc	758,931	10,137,495	0.33
V One Tech Co Ltd	235,574	6,979,767	0.23
		310,224,511	10.13

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

## INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Listed Equity Securities (Continued)</b>			
<b>Taiwan</b>			
Basso Industry Corp	9,535,000	20,364,440	0.66
Chipbond Technology Corp	3,057,000	6,348,483	0.21
FLEXium Interconnect Inc	11,098,185	34,225,563	1.12
Fubon Financial Holding Co Ltd	19,356,000	32,449,447	1.06
Kerry TJ Logistics Co Ltd	9,754,000	12,720,104	0.42
King Yuan Electronics Co Ltd	42,752,000	38,921,558	1.27
MediaTek Inc	1,585,000	15,599,882	0.51
Parade Technologies Ltd	610,000	10,246,383	0.33
Powertech Technology Inc	2,181,000	6,332,420	0.21
Primax Electronics Ltd	2,545,000	5,159,969	0.17
Taiwan Semiconductor Manufacturing Co Ltd	12,243,000	86,959,401	2.84
TURVO International Co Ltd	4,580,000	16,227,814	0.53
Wistron NeWeb Corp	24,000	57,242	0.00
		<u>285,612,706</u>	<u>9.33</u>
<b>Thailand</b>			
AP Thailand PCL	63,631,600	15,641,373	0.51
Asia Aviation PCL	17,741,400	2,675,484	0.09
Bangkok Bank PCL	2,176,200	12,831,871	0.42
Supalai PCL	21,510,200	15,246,029	0.50
		<u>46,394,757</u>	<u>1.52</u>
<b>Listed Equity Warrants</b>			
Ezion Holdings Ltd 04/24/2020	8,858,300	45,472	0.00
Mah Sing Group Bhd CWts 02/21/2020	6,697,828	99,522	0.01
Supalai PCL Warrant 10/19/2018	5,377,550	3,097,863	0.10
		<u>3,242,857</u>	<u>0.11</u>

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

## INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
<b>Quoted Debt Securities</b>			
<i>Malaysian ringgit</i>			
SP Setia Bhd Group 5.93% PREF	4,149,320	873,433	0.03
<i>United States Dollar</i>			
LDK Solar Co Ltd (BR) Conv 5.535% 12/31/2018 (PIK)	2,427,482	346,696	0.01
<b>Currency Forwards</b>		262,563	0.01
<b>Participation Notes</b>			
<i>China</i>			
CICC Financial Trading Ltd (Midea Group Co Ltd A Shrs) P Note 06/07/2019	6,473,087	51,033,818	1.67
<b>Listed Investment Funds</b>			
Value China ETF	551,100	2,995,090	0.10
<b>Unlisted Investment Funds</b>			
Malabar India Fund Ltd Class 1 Shrs	22,622	50,216,130	1.64
Malabar Select Fund Class 1 – Standard Class	35,775	47,968,918	1.57
Value Partners Choice Investment Funds – Value Partners Asset Allocation Fund	3,900,000	5,506,362	0.18
Value Partners Global Contrarian Fund	269,299	2,157,085	0.07
Value Partners Ireland Fund Plc – Value Partners Global Emerging Market Equity Fund	1,550,000	15,794,500	0.51
Value Partners Strategic Equity Fund	189,480	–	–
		121,642,995	3.97

## VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

### INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2018

	Holdings	Fair value US\$	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
Total financial assets at fair value through profit or loss		<u>3,057,325,708</u>	<u>99.88</u>
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
Currency Forwards		<u>(3,590,758)</u>	<u>(0.12)</u>
Total financial liabilities fair value through profit or loss		<u>(3,590,758)</u>	<u>(0.12)</u>
Total investments, net		<u>3,053,734,950</u>	<u>99.76</u>
Total investments, at cost (inclusive of transaction cost)		<u>2,870,541,734</u>	



# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

(A Hong Kong unit trust)

## INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

FOR THE YEAR ENDED 30 JUNE 2018

	% of net assets	
	30.06.2018	31.12.2017
<b>Listed equity securities</b>		
China	2.04	3.09
Hong Kong		
– H shares	17.42	20.31
– Red chips	9.84	7.17
– Others	34.62	26.01
Indonesia	5.10	5.45
Malaysia	0.56	1.24
Philippines	0.81	0.95
Singapore	2.61	3.29
South Korea	10.13	16.30
Taiwan	9.33	7.93
Thailand	1.52	1.12
	<u>93.98</u>	<u>92.86</u>
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<b>Quoted debt securities</b>		
Malaysian ringgit	0.03	0.03
United States dollar	0.01	0.01
	<u>0.04</u>	<u>0.04</u>
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<b>Currency forwards</b>	(0.11)	0.24
<b>Participation notes</b>	1.67	2.11
<b>Listed investment funds</b>	0.10	–
<b>Unlisted investment funds</b>	3.97	4.89
<b>Listed equity warrants</b>	0.11	1.11
	<u>0.11</u>	<u>1.11</u>
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<b>Total investments, net</b>	<u>99.76</u>	<u>101.25</u>
	=====	=====

# VALUE PARTNERS HIGH-DIVIDEND STOCKS 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 unitholders of US\$48,071,202 (period ended 30 June 2017: US\$61,220,899).

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*
Class A2 MDis USD	USD0.0476	USD0.0499	Monthly	Last business day of January to February
Class A2 MDis USD	USD0.0476	USD0.0425	Monthly	Last business day of March to May
Class A2 MDis USD	USD0.0514	USD0.0425	Monthly	Last business day of June
Class A2 MDis HKD	HKD0.0439	HKD0.0458	Monthly	Last business day of January to February
Class A2 MDis HKD	HKD0.0439	HKD0.0390	Monthly	Last business day of March to May
Class A2 MDis HKD	HKD0.0475	HKD0.0390	Monthly	Last business day of June
Class A2 MDis AUD Hedged	AUD0.0501	AUD0.0639	Monthly	Last business day of January to February
Class A2 MDis AUD Hedged	AUD0.0473	AUD0.0544	Monthly	Last business day of March to May
Class A2 MDis AUD Hedged	AUD0.0444	AUD0.0544	Monthly	Last business day of June
Class A2 MDis CAD Hedged	CAD0.0409	CAD0.0503	Monthly	Last business day of January to February
Class A2 MDis CAD Hedged	CAD0.0409	CAD0.0428	Monthly	Last business day of March to June
Class A2 MDis GBP Hedged	GBP0.0350	GBP0.0478	Monthly	Last business day of January to February
Class A2 MDis GBP Hedged	GBP0.0350	GBP0.0407	Monthly	Last business day of March to May
Class A2 MDis GBP Hedged	GBP0.0321	GBP0.0407	Monthly	Last business day of June
Class A2 MDis NZD Hedged	NZD0.0496	NZD0.0641	Monthly	Last business day of January to February
Class A2 MDis NZD Hedged	NZD0.0992	NZD0.0546	Monthly	Last business day of March
Class A2 MDis NZD Hedged	NZD0.0496	NZD0.0546	Monthly	Last business day of April to May
Class A2 MDis NZD Hedged	NZD0.0468	NZD0.0546	Monthly	Last business day of June
Class A2 MDis RMB Hedged	RMB0.0491	RMB0.0520	Monthly	Last business day of January
Class A2 MDis RMB Hedged	RMB0.0581	RMB0.0520	Monthly	Last business day of February
Class A2 MDis RMB Hedged	RMB0.0581	RMB0.0443	Monthly	Last business day of March to May
Class A2 MDis RMB Hedged	RMB0.0594	RMB0.0443	Monthly	Last business day of June
Class A2 MDis RMB Unhedged	RMB0.0502	RMB0.0520	Monthly	Last business day of January
Class A2 MDis RMB Unhedged	RMB0.0417	RMB0.0520	Monthly	Last business day of February
Class A2 MDis RMB Unhedged	RMB0.0417	RMB0.0443	Monthly	Last business day of March to May
Class A2 MDis RMB Unhedged	RMB0.0436	RMB0.0443	Monthly	Last business day of June
Class A2 MDis SGD Hedged	SGD0.0415	–	Monthly	Last business day of January
Class A2 MDis SGD Hedged	SGD0.0415	SGD0.0499	Monthly	Last business day of February
Class A2 MDis SGD Hedged	SGD0.0415	SGD0.0425	Monthly	Last business day of March to 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.

Last business day of each month in 2017 are 27 January 2017, 28 February 2017, 31 March 2017, 28 April 2017, 31 May 2017, 30 June 2017.