Value Partners
Investing through discipline

VALUE PARTNERS CLASSIC FUND

SEMI-ANNUAL REPORT 2011
For the six months ended 30 June 2011

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In the event of inconsistency, the English text of this Semi-Annual Report shall prevail over the Chinese text.

CONTENTS

GENERAL INFORMATION

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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate awards		
2011	•	**2011 – Asia Hedge Fund 25** **Value Partners was ranked No.1 in 2011 Asia Hedge Fund 25** *– Institutional Investor, July 2011*
	•	**2011 – Hedge Fund 100** **Value Partners was ranked as Asia's largest hedge fund manager, and 58th worldwide** *– Institutional Investor, May 2011*
	•	**Lipper Fund Awards 2011 – Hong Kong** **Best Equity Group – 3 Years** *– Lipper**
	•	**Best Overall Fund Management Firm – Asia** **Value Partners was recognized as one of the top-three fund management companies** *– Thomson Reuters Extel Asia Pacific Survey 2010*
	•	**Top 3 Leading Buyside Individuals – Asia** **Mr. Eric Chow (Value Partners' Senior Fund Manager) was recognized as one of the top 3 leading buyside individuals in Asia for 2 consecutive years** *– Thomson Reuters Extel Asia Pacific Survey 2010*
2010	•	**Management Firm of the Year – Value Partners** *– AsiaHedge Awards 2010*
	•	**Mr. Cheah Cheng Hye, Chairman and Co-CIO of Value Partners, named one of The 25 Most Influential People in Asian Hedge Funds** *– AsianInvestor, October 2010*

* *Based on the returns as at year end 2010.*

Value Partners Classic Fund		
2011	•	**Top 100 Funds of the Year 2010 –** **Greater China Equity – Best in Class** *– Benchmark Magazine#*

Class A units of the Fund selected as one of the top 100 funds based on fund size, track record, Morningstar's Star rating and one year absolute ranking as at month end October 2010.

MANAGER'S REPORT

Value Partners Classic Fund gained a net 1.2% during the first six months of 2011, a performance similar to that of the overall market (during this period, the Hang Seng Index was down 0.8% while MSCI China rose 0.9%).

This was a period clouded by anxiety over the "big picture" – investors worried over whether the world's economy would suffer a "double-dip;" whether the Chinese economy was heading for a hard landing and whether the debt troubles in Greece and elsewhere could crash the financial system.

For us, we focus on what we do best: applying deep-value principles to invest through a stock-by-stock approach. Our portfolio has remained resilient despite the huge volatility and numerous false signals from the market. (Value Partners Classic Fund is ranked No. 5 out of 26 funds in the "Greater China funds" category by Morningstar in terms of year-to-date performance, to the end of June 2011; taking a longer term period – three years – our fund is ranked No. 2 out of 21 funds in the same category.) We are finding it easier than usual to find bargains in the Greater China markets; for example, the "H" share index ("HSCEI"), which covers mainland Chinese companies listed on the Hong Kong Stock Exchange, is trading at only 9 times forward earnings, a low level not often seen since the Asian financial crisis of 1998.

But clearly, to lift share prices much above their present levels would require the big picture to improve significantly. Here, better news may be on the way. China's current cycle of macro-tightening, which has lasted 18 months, is likely in its final phase. The latest increase in interest rates, announced on 6 July, could be the last in the current cycle, or if not, there should only be one more increase to come, later this year, and most likely that should be it. As investors realize that the government is starting to ease off the brakes, sentiment should improve.

Having said that, we are not expecting the Chinese economy to show a big bounce up, more a scenario that is somewhere between a "hard" and a "soft" landing. Economic growth this year is projected at around 9%, and next year at roughly 8.5% – an acceptable but not brilliant outcome from the viewpoint of stockmarkets, but still a considerable slowdown from the 10.3% growth of 2010.

MANAGER'S REPORT (Continued)

From the fund's perspective, the first six months of 2011, a period when we carried out portfolio rebalancing, can be seen as a lull after the major advances of 2010 and 2009 (when the fund gained a net 20% and 84%, respectively). An environment that regains stability, even if a bit dull, favors investors like us, who are experienced in stock selection.

Trapped savings

For those who continue to worry, we think the danger of a hard landing in China is low. There are many concerns, of course, including overheated property markets, an emerging problem of non-performing loans, "over-investment" in some major infrastructure projects, a rapid slowdown in some areas of the economy and sporadic incidents of social unrest. What many don't seem to realize, however, is that these concerns, while valid, apply to a significant extent to the coastal areas, which are much more visible to investors. In the vast interior of the country, conditions remain robust, with double-digit growth continuing.

For most of the past three decades, China's coastal regions led the national economy, thanks to early reforms and the benefits of becoming the "world's factory." Although the coastal regions still account for more than 50% of the national economy, the inland provinces are now taking over as the growth engine, as the emphasis shifts to domestic consumption and spending on infrastructure and supply of food and raw materials. Macro-tightening measures have slowed the coast much more than the interior, as the government targets first- and second-tier cities, many located in coastal provinces, to fight speculators.

Average incomes in the interior is only around two-thirds of the national average or less than 50% of the level along the coast, according to a recent study by HSBC economist Qu Hongbin. It is official policy to reduce the income gap. This provides scope for continuing large-scale spending and investment in the hinterland, providing an offset to the slowdown seen elsewhere in the country.

MANAGER'S REPORT (Continued)

Trapped savings (Continued)

It is worth reminding that China as a nation enjoys a robust central-government balance sheet and is an exporter of capital. In an emergency, the government has the resources to inject abundant liquidity into the country's financial system, thus providing a safety net against a hard landing. And as we have written previously, this is a land of "trapped savings." Chinese households have piled up huge savings, contained largely within the country because of capital controls, and thus there is ample financial resources domestically.

In practice, it is inflation, rather than the danger of a hard landing, that is the toughest challenge for policymakers. At an officially reported 6.4% in June, 2011, China's inflation rate is at its highest in three years. Most likely it should come down gradually in coming months on cheaper food prices. But there is no returning to the previous period of low inflation. China's economic restructuring, with its emphasis on raising salaries and promoting the services sector, is likely to keep inflation at the 5% or so level for the foreseeable future. This, of course, makes it more difficult for the government to stimulate the economy through fiscal and monetary measures, for fear of encouraging inflation.

Aggressively defensive

The emerging picture for China (and, indeed, for much of the rest of the world) is of a slowing economy combined with higher inflation. Real interest rates remain negative, despite the rate increases.

As previously reported, Value Partners' response is to be "aggressively defensive," by which we mean we actively invest our portfolio rather than raise cash levels, as we used to do during uncertain periods. The challenge is to identify those businesses which we believe are still able to grow and pass on rising costs to their customers, and assets that we think can retain or increase their value over time. On the Chinese mainland and elsewhere in the Asia-Pacific region, there remain attractive opportunities for this kind of investing.

MANAGER'S REPORT (Continued)

Aggressively defensive (Continued)

Of course, given the global uncertainties, we have also taken care to anchor a significant part of the portfolio in hard, liquid assets – principally energy stocks (12.3% of the fund) and gold (6%), both of which have been a major investment theme for Value Partners' funds since the early part of this decade.

As always, our emphasis is on investing in Hong Kong and on the Chinese mainland. But Taiwan-listed stocks (9.7% of the fund) are important too, and we also have a minor exposure to markets elsewhere in the Asia-Pacific region, including Japan, South Korea, Singapore, Malaysia and the Philippines. All in all, it is a solid, well-diversified portfolio, made possible by a huge team that is conducting an estimated 2,500 company visits a year (excluding phone calls).

Our research coverage includes mainland Chinese companies listed in North America, a controversial sector hurt this year by allegations of poor corporate governance. But as a percentage of fund size, our investments in North American-listed Chinese companies have always been very small, typically 0% to 2% of our portfolio. This year, the percentage never exceeded 1.5%, and currently, it is less than 0.3%. Our attitude towards this sector remains cautious.

Details of the fund's 10 largest holdings can be found in the latter part of this Manager's Report. Our view is that the portfolio rebalancing carried out in recent months has improved the risk-reward characteristics of our fund, with more emphasis on companies with "pricing power" (i.e. the ability to raise their prices in line with inflation.)

MANAGER'S REPORT (Continued)

Value Partners: Awards and recognition

In our last report, we reported a whole new collection of performance awards and accolades received by Value Partners, its funds and employees. Since January 2011, we have received another collection of awards. To complete our reporting, we list out the recent prizes in the table below.

We are proud and thankful to receive the recognition, and first and foremost, our gratitude goes to all our clients, without whom such achievements could not have been accomplished.

Recent awards received by Value Partners Group

Benchmark – Top 100 Funds of the Year 2010[1]

Value Partners Classic Fund (A Units)	Greater China Equity category – Best in Class

AsiaHedge Awards 2010

Value Partners	Management Firm of the Year

Institutional Investor

Value Partners	2011 – Hedge Fund 100 Value Partners was ranked as Asia's largest hedge fund manager, and 58th worldwide
Value Partners	2011 – Asia Hedge Fund 25 Value Partners was ranked No.1 in 2011 Asia Hedge Fund 25

2011 Lipper Fund Awards[2]

Value Partners	Best Equity Group – 3 Years

Thomson Reuters Extel Asia Pacific Survey 2010

Value Partners	Best Overall Fund Management Firm – Asia Value Partners was recognized as one of the top-three fund management companies
Mr. Eric Chow (Senior Fund Manager)	Leading Buyside Individual – Asia 3rd Place

MANAGER'S REPORT (Continued)

Value Partners Center for Investing

We are pleased to report that Value Partners has formed a partnership with The Hong Kong University of Science and Technology ("HKUST") to set up a center of investing to support research and training on investment management.

The center, called the "Value Partners Center for Investing at the HKUST Business School," is the first of its kind in Hong Kong and among other activities, it will provide training to undergraduate and postgraduate students for careers in fund management. A fund managed by students (under faculty supervision), partly financed by a donation from Value Partners, is included in the school – and we have been joking that this puts additional pressure on us, as we have to ensure that we, the real fund managers, don't get outperformed by the student-managed fund.

Value Partners' declared corporate objective is to become a "Temple of Value Investing" for the Asia-Pacific region, and the cooperation with HKUST, a world-class university, should be seen in this context.

Value Partners Limited
25 August 2011

[1] *Funds from the 29 fund categories (including 22 mutual fund categories and 7 MPF categories) were ranked by Benchmark Magazine, based on fund size, track record, Morningstar's Star rating and one-year absolute ranking, all as at month-end of October 2010, making up the Top 100 Funds of the Year 2010.*

[2] *The award is calculated based on the returns up to the end of 2010.*

Fund performance mentioned is 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 June 2011. Performance data is net of all fees.

Individual stock performance is not indicative of fund performance.

Investors should note that investment involves risk. The price of units may go down as well as up and past performance is not indicative of future results. Investors should read the prospectus for details and risk factors, in particular those associated with investment in emerging markets.

MANAGER'S REPORT (Continued)

Value Partners Classic Fund: 10 biggest holdings of securities as at 30 June 2011

Stock	Industry	Valuation (2011 Estimates)	Remarks
Asustek Computer (Code: 2357 TT) Market cap: US$6.1 billion	Notebook computers	Price: TW$285.00 P/E: 11.3x P/B: 1.6x Yield: 4.9%	Asustek Computer ("Asustek") designs and markets personal computer products globally with its own brand, including motherboard, VGA card and notebook. The company ranks first in motherboard brand and ranks sixth in notebook brand globally with heavier exposure to emerging markets. With more than ten years investments in China, Asustek is the second largest brand with 14% market share in the fast growing China notebook market. We think the company is attractive and expect it to continue to benefit from the increasing notebook penetration in emerging markets, especially China, on the back of its high brand recognition and extensive experience.
Brilliance China Automotive (Code: 1114 HK) Market cap: US$5.6 billion	Auto manufacturing	Price: HK$8.78 P/E: 21.6x P/B: 4.6x Yield: N/A	The company manufactures and distributes minibuses and MPVs in China, and has an equally owned joint venture with BMW ("BMW JV") to produce sedans in China. BMW JV has accelerated capacity expansion, new-model launches and fast dealership network expansion, and is expected to provide strong sales growth momentum and greater earnings visibility for the company. Its expanding domestic supplier network and an upcoming new engine plant should help increase the locally-manufactured ratio and lower auto-component costs, which could lead to gradual margin improvement in the medium term. The low penetration of luxury cars in China, as well as China's rising middle-class is expected to fuel demand growth for luxury cars in China in the medium term. We believe the stock is attractive, given the company's strong long-term earnings growth potential.
China BlueChemical (Code: 3983 HK) Market cap: US$3.8 billion	Fertilizer manufacturing	Price: HK$6.43 P/E: 12.9x P/B: 2.1x Yield: 2.6%	China BlueChemical ("CBC") is one of the largest fertilizer producers in China, spinning off from CNOOC (the country's leading oil producer) in 2006. CBC enjoys a huge cost advantage over its domestic peers, by securing extra low-cost natural gas for its productions of urea (a type of fertilizer) and methanol from its parent company. This strong cost leadership has become more obvious since 2010 when CBC's peers began to struggle with surging feedstock cost, and yet CBC continues to record good profits. Management has carried out its expansion plan of methanol and phosphate fertilizer efficiently in the past few years, paving the way for a solid capacity growth starting from this year. We believe that the company will emerge into a leading integrated fertilizer maker in the longer term.
China Shenhua Energy (Code: 1088 HK) Market cap: US$94.8 billion	Coal mining	Price: HK$37.10 P/E: 13.1x P/B: 2.6x Yield: 2.7%	China Shenhua Energy ("CSE") is the world's largest coal-mining company. The company has a few structural advantages against peers, firstly it benefits from an integrated business model with an integrated coal transportation network consisting of dedicated rail and port facilities. The integrated transportation network endows CSE with a monopoly in shipping coal from Inner Mongolia to the coastal regions, where the demand is high. Secondly, as one of the largest miners, the company benefits from significant scalability compared to peers and strong bargaining power. Thirdly, CSE's coal is high quality which generates above average margins compared to peers. Finally, like most coal miners, CSE has a significant proportion of sales at key contract prices which are set by government are at below market prices. Over time, we believe the market trend would continue and the company will benefit from the price increase.

MANAGER'S REPORT (Continued)

Value Partners Classic Fund: 10 biggest holdings of securities as at 30 June 2011 (Continued)

Stock	Industry	Valuation (2011 Estimates)	Remarks
China Vanke (Code: 200002 CH) Market cap: US$14.8 billion	Real estate	Price: HK$10.48 P/E: 9.9x P/B: 1.6x Yield: 1.5%	China Vanke is China's largest developer of residential properties in terms of contract sales. They have about 300 projects that are located in over 40 cities in mainland China. Given its strong brand recognition and seasoned management, China Vanke is well positioned to benefit from China's long-term secular growth of housing demand, which is supported by sustainable household income growth and the rapid pace of urbanization. We see China Vanke's land bank as one of the most diversified one among its peers. Coupled with its excellent project execution and development ability, we believe they can outperform and gain market share under the tough market environment, and sustain further growth. With solid balance sheet and ample cash on hand, the company is well-prepared to carry out more land acquisitions and further solidify its leadership.
CNOOC (Code: 883 HK) Market cap: US$104.2 billion	Energy	Price: HK$18.16 P/E: 11.9x P/B: 3.1x Yield: 3.1%	CNOOC is China's largest offshore oil and gas producer. The company has four major production areas off China's coast (accounting for around 80% of production and reserves), and has overseas upstream assets in Indonesia, Nigeria, Australia, Argentina and other countries. In 2010, acquisitions were made in Pan American Energy (Argentina), as well as stakes in unconventional oil and gas projects in the US (Eagle Ford and Niobrara). While many oil companies worldwide have a stagnant production profile, CNOOC is among the minority that is still able to raise crude production annually through successful discoveries and overseas expansion. Compounded production growth from 2006 to 2010 exceeded 11%, while its target for 2011 to 2015 is 6% to 10% per year. Production in 2010 increased 44% year-on-year, while exploration success rates in offshore China were 37% to 64%.
Evergrande Real Estate (Code: 3333 HK) Market cap: US$9.8 billion	Real estate	Price: HK$5.07 P/E: 7.2x P/B: 2.7x Yield: 3.5%	Evergrande Real Estate is the largest property developer in China in term of size of land bank, and is currently developing about 150 projects in over 60 cities. Given its large and diversified exposure to lower second-tier and third-tier cities in China, which are less impacted by the home-purchase restrictions, Evergrande Real Estate is well positioned to achieve outstanding sales performance amid the current tightening environment in China. As China continues to promote urbanization and support housing demand in small and mid-sized cities, we expect property sales and prices would still be able to achieve decent growth in these cities. The strict and standardized operational model has helped the company rapidly expand its scale, while effectively control development cost. We expect that low land cost and gradually-improved selling prices would support future margin expansion. The company is expected to continue to outperform its peers with its well-recognized brand, strong execution ability and healthy balance sheet.

MANAGER'S REPORT (Continued)

Value Partners Classic Fund: 10 biggest holdings of securities as at 30 June 2011 (Continued)

Stock	Industry	Valuation (2011 Estimates)	Remarks
Industrial & Commercial Bank of China (Code: 1398 HK) Market cap: US$265.1 billion	Banking	Price: HK$5.91 P/E: 8.8x P/B: 1.8x Yield: 4.7%	Industrial & Commercial Bank of China ("ICBC") is the largest commercial bank in China in terms of assets, loans and deposits. With its network of 16,430 branches, huge customer base, and support from foreign strategic investors, ICBC has an advantage in building a consumer banking franchise, letting it rely less heavily on interest income in the long run. The bank has been more conservative than its peers in terms of loan growth, and, despite its low loan-to-asset ratio, its return on assets is the highest in the industry.
Kingboard Chemical (Code: 148 HK) Market cap: US$4.0 billion	Electronic components	Price: HK$36.00 P/E: 7.6x P/B: 1.1x Yield: 3.7%	With more than 60 factories in China and more than 40,000 employees globally, Kingboard Chemical manufactures various basic electronic components. Currently, it is the leading manufacturer of laminates in China, as well as one of the top printed circuit board makers regionally. Being vertically integrated and efficiently managed, Kingboard Chemical has consistently delivered above-average returns to its shareholders over the past 15 years. In the past five years, senior management has ventured into new business streams, including chemical and property development. Such expansion is well-supported by the company's extensive network in China, while a number of the new projects have already started to make significant contributions to the company. We are a long-term investor of Kingboard Chemical, as we believe the group's proven management and powerful track record augur well for the future.
PetroChina (Code: 857 HK) Market cap: US$267.7 billion	Energy	Price: HK$11.38 P/E: 12.8x P/B: 2.0x Yield: 3.5%	PetroChina is the largest integrated oil company in Asia. Exploration and production assets consist of crude reserves of over 11 billion barrels, and gas reserves of over 65 billion cubic feet. This is complemented by a pipeline network of over 50,000 km in China. Its downstream assets consist of refining, with a crude throughput capacity of over 1 billion tons, and a service-station marketing network of over 18,000 stations. In 2010, the company produced 857 million barrels of oil ("BOE") and 2.2 billion cubic feet of gas, mostly in China, while its overseas assets in South America, Africa and Central Asia produced 102 million BOE of oil and gas, representing 16% of the total. Crude production grew by 1.7% and gas production grew by 5% over the same period. Gas should drive growth over the next five years, supplemented by pipeline investments. Overseas investments, such as the US$1.7 billion investment in Canada's Athabasca Oil Sands Corp in 2009, and the US$3 billion joint bid with Shell for Australia's Arrow Energy also give PetroChina a good avenue for future growth.

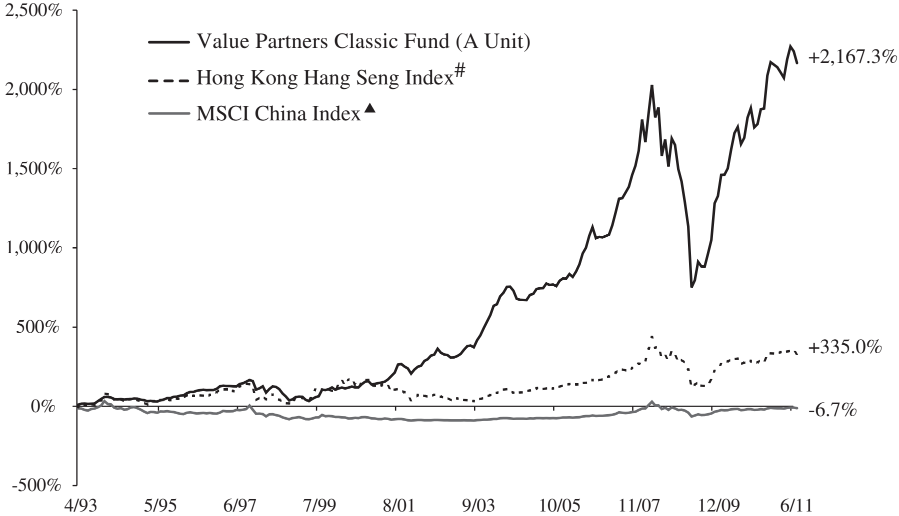
Note: *The above investments made up 36.0% of Value Partners Classic Fund as at 30 June 2011. The stock prices are based on the closing of 30 June 2011.*

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

MANAGER'S REPORT (Continued)

Value Partners Classic Fund
NAV per A Unit = US$226.73 (as at 30 June 2011)
NAV per B Unit = US$104.89
NAV per C Unit = US$13.17
NAV per C Unit (for reference only) = HK$102.50ß

Since launch return compared to indices
From 1 April 1993 to 30 June 2011



ß *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 purpose. 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.*

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011 (UNAUDITED)

	30.6.2011	31.12.2010
	US$	*US$*
Assets		
Financial assets at fair value through profit or loss	1,900,665,799	1,477,791,761
Amounts receivable on sales of investments	24,621,590	3,934,778
Amounts receivable on issue of units	24,881,003	9,047,788
Dividends and interest receivables	7,008,450	4,069
Other receivables	–	2,361
Cash and cash equivalents	152,704,347	110,953,519
Total assets	2,109,881,189	1,601,734,276
Liabilities		
Financial liabilities at fair value through profit or loss	21,975,893	–
Amounts payable on purchase of investments	23,192,591	44,970,312
Amounts payable on redemption of units	7,638,939	4,907,018
Management fee and performance fee payable	5,218,408	27,675,711
Accruals and other payables	537,768	463,831
Liabilities (excluding net assets attributable to unitholders)	58,563,599	78,016,872
Net assets attributable to unitholders (before adjustment on fair value of investments)	2,051,317,590	1,523,717,404
Adjustment for different bases adopted by the Fund in arriving at the net assets attributable to unitholders	4,687,196	3,401,261
Net assets attributable to shareholders	2,056,004,786	1,527,118,665
Net asset value per unit		
– "A" units with 982,763 (31.12.2010: 985,111) units outstanding	226.73	224.13
– "B" units with 4,763,118 (31.12.2010: 5,039,112) units outstanding	104.89	103.94
– "C" units with 101,228,711 (31.12.2010: 59,981,619) units outstanding	13.17	13.05

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 JUNE 2011

	Holdings	Fair value *US$*	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
Australia			
Paladin Energy Ltd	2,393,609	6,453,148	0.31
China			
China Vanke Co Ltd	47,440,640	63,758,894	3.10
Lao Feng Xiang Co Ltd	2,797,959	8,111,283	0.39
Shandong Chenming Paper Holdings Co Ltd	8,143,633	5,441,017	0.26
Shanghai Friendship Group Incorporated Co Ltd	7,191,284	12,865,207	0.63
Shenzhen Accord Pharmaceutical Co Ltd	3,289,822	8,956,986	0.44
Yantai Changyu Pioneer Wine Co Ltd	1,872,834	20,949,637	1.02
		120,083,024	5.84
Hong Kong – H-shares			
Beijing Jingkelong Co Ltd	6,278,000	8,066,402	0.39
China BlueChemical Ltd	42,272,000	34,923,866	1.70
China Construction Bank Corporation	33,103,730	27,434,383	1.33
China Merchants Bank Co Ltd	3,146,205	7,607,907	0.37
China Shenhua Energy Co Ltd	18,166,000	86,594,791	4.21
Chongqing Machinery and Electric Co Ltd	14,968,000	4,807,977	0.23
Chongqing Rural Commercial Bank Co Ltd	39,565,000	23,181,128	1.13
Hisense Kelon Electrical Holdings Co Ltd	11,756,000	4,516,368	0.22
Industrial and Commercial Bank of China Ltd	79,690,805	60,411,383	2.94
Lingbao Gold Co Ltd	6,710,000	4,043,467	0.20
PetroChina Co Ltd	32,828,000	47,831,723	2.33
Shandong Chenming Paper Holdings Co Ltd	10,914,500	7,376,463	0.36
Shandong Molong Petroleum Machinery Co Ltd	3,400,800	3,478,185	0.17
Weiqiao Textile Co Ltd	8,901,000	6,667,544	0.32
Zhuzhou CSR Times Electric Co Ltd	3,128,000	10,529,957	0.51
		337,471,544	16.41

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2011

	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			
Brilliance China Automotive Holdings Ltd	142,314,000	159,449,316	7.76
China Unicom (Hong Kong) Ltd	12,088,000	24,353,370	1.18
CITIC Pacific Ltd	6,015,000	15,008,711	0.73
CNOOC Ltd	42,243,000	98,566,457	4.79
Far East Horizon Ltd	16,281,000	16,756,069	0.81
Lenovo Group Ltd	47,120,000	26,760,000	1.30
Sinofert Holdings Ltd	38,994,000	17,084,832	0.83
TCL Communications Technology Holdings Ltd	2,351,000	1,860,767	0.09
		359,839,522	17.49
Hong Kong – Others			
Agile Property Holdings Ltd	2,317,000	3,584,355	0.17
Asian Citrus Holdings Ltd	4,644,000	4,206,684	0.20
Boer Power Holdings Ltd	4,046,000	3,644,202	0.18
Burwill Holdings Ltd	43,408,000	1,701,093	0.08
China Flooring Holding Co Ltd	9,806,000	3,603,433	0.18
China Mengniu Dairy Co Ltd	6,072,000	20,401,496	0.99
China Qinfa Group Ltd	19,356,000	9,351,085	0.46
China Shineway Pharmaceutical Group Ltd	13,468,000	26,649,090	1.30
China Wireless Technologies Ltd	4,420,000	880,263	0.04
Chow Sang Sang	10,306,000	34,561,230	1.68
Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Ltd	12,477,000	5,226,204	0.25
ENN Energy Holdings Ltd	2,132,000	7,177,068	0.35
EganaGoldpfeil (Holdings) Ltd	6,885,464	–	–
Evergrande Real Estate Group Ltd	145,091,000	94,702,782	4.61
GCL-Poly Energy Holdings Ltd	9,389,000	4,837,514	0.24
GOME Electrical Appliances Holding Ltd	68,079,000	27,116,486	1.32
Hontex International Holdings Co Ltd	29,226,000	3,867,810	0.19
Hopefluent Group Holdings Ltd	17,655,000	7,032,147	0.34

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2011

	Holdings	Fair value *US$*	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
Hong Kong – Others (Continued)			
Hutchison Whampoa Ltd	937,000	10,112,940	0.49
International Mining Machinery Holdings Ltd	12,009,000	11,526,196	0.56
Kingboard Chemical Holdings Ltd	12,364,500	56,874,571	2.77
Kingboard Laminates Holding Ltd	7,445,000	5,844,730	0.29
Le Saunda Holdings Ltd	1,468,000	869,532	0.04
Lee & Man Paper Manufacturing Ltd	19,719,000	11,933,404	0.58
Leoch International Technology Ltd	20,815,000	8,317,549	0.40
Lijun International Pharmaceutical (Holding) Co Ltd	37,605,000	7,730,794	0.38
Mongolian Mining Corporation	21,716,500	26,786,725	1.30
Ocean Grand Holdings Ltd	12,839,800	–	–
Real Gold Mining Ltd	14,179,500	12,106,384	0.59
Royale Furniture Holdings Ltd	5,743,994	2,420,730	0.12
Sany Heavy Equipment International Holdings Co Ltd	9,322,500	10,624,648	0.52
Sateri Holdings Ltd	17,353,000	13,154,827	0.64
Shimao Property Holdings Ltd	18,953,000	23,378,021	1.14
SPDR Gold Trust	50,220	7,381,783	0.36
Tao Heung Holdings Ltd	13,151,000	4,612,963	0.22
Techtronic Industries Co Ltd	26,502,000	31,599,861	1.54
Towngas China Co Ltd	9,533,000	5,083,189	0.25
Xiangyu Dredging Holdings Ltd	6,053,000	1,882,108	0.09
Xtep International Holdings Ltd	21,213,000	14,445,631	0.70
Zhongsheng Group Holdings Ltd	3,573,000	7,795,236	0.38
		533,024,764	25.94

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2011

	Holdings	Fair value US$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
Indonesia			
Bank Bukopin Tbk PT	85,506,500	6,766,487	0.33
Indomobil Sukses Internasional Tbk PT	5,886,000	5,582,556	0.27
Perusahaan Perkebunan London Sumatra Indonesia Tbk PT	36,638,500	9,806,651	0.48
Salim Ivomas Pratama Tbk PT	67,932,500	9,328,565	0.45
Sampoerna Agro PT	15,235,000	6,072,370	0.30
		37,556,629	1.83
Japan			
K's Holdings Corp	336,700	14,528,090	0.71
Komatsu Ltd	429,600	13,328,177	0.65
Ryohin Keikaku Co Ltd	316,900	15,112,055	0.73
		42,968,322	2.09
Malaysia			
Kulim Malaysia Bhd	6,160,800	7,183,179	0.35
QL Resources Bhd	3,539,600	3,728,363	0.18
QSR Brands Bhd	1,193,400	2,316,437	0.12
Sime Darby Bhd	6,535,700	19,959,971	0.97
		33,187,950	1.62
Philippines			
San Miguel Corp	1,825,420	4,844,721	0.24

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2011

	Holdings	Fair value US$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
Singapore			
Elec & Eltek International Co Ltd	3,763,200	14,300,160	0.70
First Resources Ltd	8,938,000	10,108,063	0.49
Noble Group Ltd	5,590,000	8,959,645	0.44
Tianjin Zhong Xin Pharmaceutical Group Corp Ltd	11,123,000	6,896,260	0.33
		40,264,128	1.96
South Korea			
Able C&C Co Ltd	326,015	7,922,544	0.39
Fila Korea Ltd	139,450	11,596,348	0.56
Handsome Co Ltd	292,280	7,184,857	0.35
Himart Co Ltd	183,786	9,414,332	0.46
Korea Kolmar Co Ltd	756,730	4,584,954	0.22
		40,703,035	1.98
Taiwan			
Asustek Computer Inc	3,530,600	34,974,084	1.70
Aten International Co Ltd	835,000	1,790,947	0.09
E-Life Mall Corporation	2,998,815	5,408,726	0.26
Foxconn Technology Co Ltd	2,764,000	11,404,387	0.56
Gigabyte Technology Co Ltd	10,551,000	11,755,989	0.57
Hon Hai Precision Industry Co Ltd	5,248,080	17,962,614	0.87
HTC Corporation	967,000	32,525,139	1.58
Nan Ya Plastic Corporation	9,656,000	25,619,332	1.25
President Chain Store Corporation	5,322,000	30,668,210	1.49
Quanta Computer Inc	7,059,000	16,713,510	0.81
Wistron Corporation	5,924,000	10,478,384	0.51
		199,301,322	9.69

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2011

	Holdings	Fair value US$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
Thailand			
Khon Kaen Sugar Industry PCL	39,687,600	17,438,002	0.85
United Kingdom			
World Sec Ltd	100,000	–	–
Quoted debt securities			
United States dollar			
San Miguel Corp 2% 05/05/2014 CB	5,600,000	6,011,600	0.29
Depository receipts			
Syswin Inc Spon ADS (1 ADS Reps 4 Ord Shrs)	1,698,201	4,856,855	0.24
Unlisted investment funds			
Value Partners Strategic Equity Fund	238,180	276,289	0.01
Warrants			
QL Resources Bhd Wts 02/13/2013	176,980	53,639	–
Options			
USD Put/HKD Call 7.5 02/17/2012	428,900,000	498,665	0.03
Commodities			
Loco London Gold	77,000	115,832,640	5.63
Total financial assets at fair value through profit or loss		1,900,665,799	92.45

INVESTMENT PORTFOLIO (UNAUDITED) (Continued)

AS AT 30 JUNE 2011

	Holdings	Fair value *US$*	% of net assets
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
Hong Kong – H-shares			
BYD Co Ltd	(1,016,500)	(3,284,762)	(0.16)
Great Wall Motor Co Ltd	(8,585,000)	(14,119,159)	(0.69)
		(17,403,921)	(0.85)
Hong Kong – Others			
Geely Automobile Holdings Ltd	(11,705,000)	(4,571,972)	(0.22)
Total financial liabilities at fair value through profit or loss		(21,975,893)	(1.07)
Total investments		1,878,689,906	91.38
Total investments, at cost		1,692,979,592	

INVESTMENT PORTFOLIO MOVEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011 (UNAUDITED)

	% of net assets	
	30.6.2011	**31.12.2010**
Listed equity securities		
Australia	0.31	0.78
China	5.84	7.55
Hong Kong		
– H-shares	15.56	22.16
– Red chips	17.49	12.94
– Others	25.72	32.39
Indonesia	1.83	1.31
Japan	2.09	–
Malaysia	1.62	1.41
Philippines	0.24	–
Singapore	1.96	1.77
South Korea	1.98	1.67
Taiwan	9.69	11.22
Thailand	0.85	–
United States	–	0.77
	85.18	93.97
Quoted debt securities		
United States dollar	0.29	–
Depository receipts	0.24	–
Unlisted investments funds	0.01	0.02
Options	0.03	–
Commodities	5.63	2.78
Total investments	91.38	96.77