

VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

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

惠理基金管理公司

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本半年度報告之中英文內容如有歧義，概以英文版本為準。

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GENERAL INFORMATION

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Mr Ho Man Kei
Mr So Chun Ki Louis

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Legal Advisors

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With respect to Hong Kong law
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GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate awards	
2011	<ul style="list-style-type: none"> • 2011 – Asia Hedge Fund 25 Value Partners was ranked No.1 in 2011 Asia Hedge Fund 25 – <i>Institutional Investor</i>, July 2011 • 2011 – Hedge Fund 100 Value Partners was ranked as Asia’s largest hedge fund manager, and 58th worldwide – <i>Institutional Investor</i>, May 2011 • Lipper Fund Awards 2011 – Hong Kong Best Equity Group – 3 Years – <i>Lipper</i>* • Best Overall Fund Management Firm – Asia Value Partners was recognized as one of the top-three fund management companies – <i>Thomson Reuters Extel Asia Pacific Survey 2010</i> • 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 – <i>Thomson Reuters Extel Asia Pacific Survey 2010</i>
2010	<ul style="list-style-type: none"> • Management Firm of the Year – Value Partners – <i>AsiaHedge Awards 2010</i> • Mr. Cheah Cheng Hye, Chairman and Co-CIO of Value Partners, named one of The 25 Most Influential People in Asian Hedge Funds – <i>AsianInvestor</i>, October 2010
* Based on the returns as at year end 2010.	

Value Partners High-Dividend Stocks Fund	
2011	<ul style="list-style-type: none"> • Top 100 Funds of the Year 2010 – Asia Ex-Japan Equity – <i>Benchmark Magazine</i>#
2010	<ul style="list-style-type: none"> • Lipper Fund Awards 2011 Best Equity Asia Pacific (Ex-Japan) Fund over 3 years – <i>Lipper</i>
# 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 High-Dividend Stocks Fund gained a net 0.3% during the first six months of 2011. For reference, during this period, the Hang Seng Index was down 2.8% while MSCI Asia Pacific (ex-Japan) Index increased by 0.5%.

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 High-Dividend Stocks Fund is ranked No. 4 out of 44 funds in the “Asia (ex-Japan) funds” category by Morningstar based on the three-year performance, ending on 30 June 2011.) We are finding it easier than usual to find bargains in the Asia (ex-Japan) region, and in particular 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.

MANAGER'S REPORT (Continued)

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.

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 27% 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.

MANAGER'S REPORT (Continued)

Trapped savings (Continued)

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.

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.

MANAGER'S REPORT (Continued)

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.

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 (8% 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. 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. Our attitude towards this sector remains cautious.

Details of the fund's 5 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 2010¹

Value Partners High-Dividend Stocks Fund	Asia (Ex-Japan) Equity category
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AsiaHedge Awards 2010

Value Partners	Management Firm of the Year
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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 Awards²

Value Partners	Best Equity Group – 3 Years
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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 High-Dividend Stocks Fund. 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 High-Dividend Stocks Fund:

5 biggest holdings of securities as at 30 June 2011

Stock	Industry	Valuation (2011 Estimates)	Remarks
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 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.
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%.

MANAGER'S REPORT (Continued)

Value Partners High-Dividend Stocks Fund:

5 biggest holdings of securities as at 30 June 2011 (Continued)

Stock	Industry	Valuation (2011 Estimates)	Remarks
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 terms 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.
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.

Note: The above investments made up 16.9% of Value Partners High-Dividend Stocks 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.

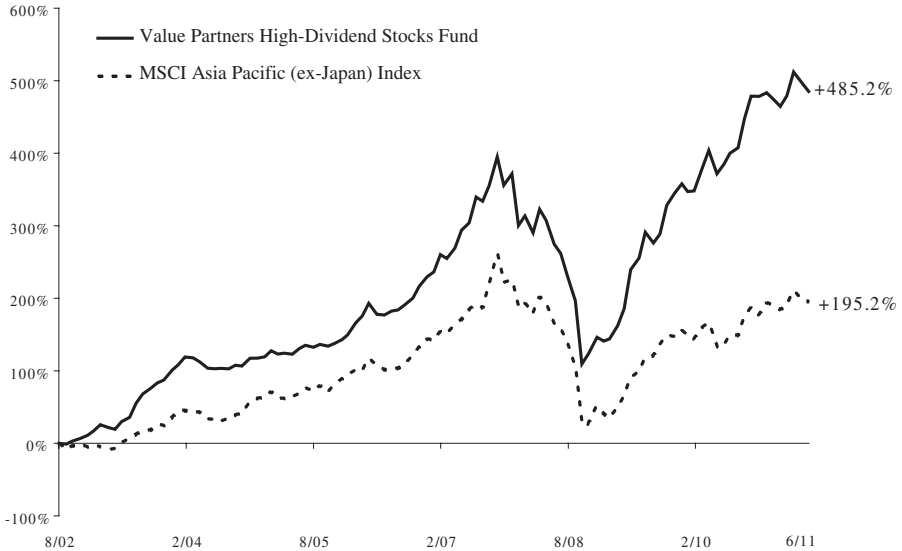
MANAGER'S REPORT (Continued)

Value Partners High-Dividend Stocks Fund

NAV per unit = US\$58.52 (as at 30 June 2011)

Since launch return compared to index

From 2 September 2002 to 30 June 2011



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011 (UNAUDITED)

	30.6.2011	31.12.2010
	<i>US\$</i>	<i>US\$</i>
Assets		
Financial assets at fair value through profit or loss	566,391,429	446,266,751
Amounts receivable on sales of investments	6,811,330	699,986
Amounts receivable on issue of units	18,962,756	499,250
Dividends and interest receivables	3,118,121	297,884
Other receivables	4,914	-
Cash and cash equivalents	34,278,531	35,255,804
	<u>629,567,081</u>	<u>483,019,675</u>
Total assets		
Liabilities		
Financial liabilities at fair value through profit or loss	6,460,430	310,000
Amounts payable on purchase of investments	7,416,149	5,729,116
Accounts payable on redemption of units	5,898,913	1,321,869
Management fee and performance fee payable	2,824,570	11,189,626
Accruals and other payables	225,311	156,614
	<u>22,825,373</u>	<u>18,707,225</u>
Total liabilities		
Net assets attributable to unitholders	<u><u>606,741,708</u></u>	<u><u>464,312,450</u></u>
Represented by:		
– Net assets attributable to unitholders (at last traded prices)	610,850,452	465,770,042
– Adjustment for different bases adopted by the Fund in arriving at the net assets attributable to unitholders	<u><u>(4,108,744)</u></u>	<u><u>(1,457,592)</u></u>
Net asset value per unit (at last traded prices) with 10,438,377 (31.12.2010: 7,983,977) units outstanding	<u><u>58.52</u></u>	<u><u>58.34</u></u>

INVESTMENT PORTFOLIO

AS AT 30 JUNE 2011 (UNAUDITED)

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
<i>China</i>			
China Vanke Co Ltd	4,721,135	6,345,073	1.04
Shandong Chenming Paper Holdings Co Ltd	871,800	582,477	0.10
Shanghai Friendship Group Incorporated Ltd	2,169,468	3,881,178	0.64
Yantai Changyu Pioneer Wine Co Ltd	555,107	6,209,461	1.02
		<u>17,018,189</u>	<u>2.80</u>
<i>Hong Kong – H-shares</i>			
Bank of China Ltd	6,648,700	3,237,684	0.53
China BlueChemical Ltd	12,380,000	10,227,987	1.69
China Shenhua Energy Co Ltd	5,372,500	25,609,959	4.22
Chongqing Rural Commercial Bank Co Ltd	10,199,000	5,975,593	0.99
Dalian Port (PDA) Co Ltd	4,870,000	1,720,760	0.28
Industrial and Commercial Bank of China Ltd	17,134,980	12,989,552	2.14
Lingbao Gold Co Ltd	926,000	558,011	0.09
PetroChina Co Ltd	8,465,000	12,333,847	2.03
Zhaojin Mining Industry Co Ltd	1,122,000	2,306,595	0.38
		<u>74,959,988</u>	<u>12.35</u>
<i>Hong Kong – Red chips</i>			
BOC Hong Kong (Holdings) Ltd	1,395,000	4,041,842	0.67
Brilliance China Automotive Holdings Ltd	24,196,000	27,109,319	4.47
China Unicom (Hong Kong) Ltd	2,778,000	5,596,762	0.92
CITIC Pacific Ltd	2,187,000	5,457,033	0.90
CNOOC Ltd	5,671,000	13,232,260	2.18
Far East Horizon Ltd	4,820,000	4,960,644	0.82
Sinofert Holdings Ltd	11,578,000	5,072,785	0.84
TCL Communications Technology Holdings Ltd	700,000	554,035	0.09
		<u>66,024,680</u>	<u>10.89</u>

INVESTMENT PORTFOLIO (Continued)

AS AT 30 JUNE 2011 (UNAUDITED)

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>Hong Kong – Others</i>			
Agile Property Holdings Ltd	690,000	1,067,417	0.18
Boer Power Holdings Ltd	1,320,000	1,188,914	0.20
Cathay Pacific Airways Ltd	1,429,000	3,301,266	0.54
China Flooring Holding Co Ltd	2,908,000	1,068,609	0.18
China Shineway Pharmaceutical Group Ltd	3,012,000	5,959,835	0.98
China Wireless Technologies Ltd	1,316,000	262,087	0.04
Chow Sang Sang Holdings International	3,036,000	10,181,243	1.68
Chu Kong Petroleum and Natural Gas Steel Pipe Holdings Ltd	4,116,000	1,724,057	0.28
Evergrande Real Estate Group Ltd	36,929,000	24,104,038	3.97
Fortune Real Estate Investment Trust	9,817,000	4,830,990	0.80
Fujikon Industrial Holdings Ltd	4,782,000	792,607	0.13
GZI Real Estate Investment Trust	19,561,000	10,078,455	1.66
Hang Ten Group Holdings Ltd	10,694,000	3,119,066	0.51
HSBC Holdings Plc	677,029	6,698,176	1.10
Hutchison Telecommunications Hong Kong Holdings Ltd	9,480,000	2,923,332	0.48
International Mining Machinery Holdings Ltd	3,879,000	3,723,051	0.61
Kingboard Laminates Holding Ltd	2,218,500	1,741,643	0.29
Kingmaker Footwear Holdings Ltd	11,630,000	2,450,655	0.40
Leoch International Technology Ltd	2,737,000	1,093,689	0.18
Lijun International Pharmaceutical (Holding) Co Ltd	9,590,000	1,971,502	0.33
Link Real Estate Investment Trust, The	1,787,259	6,108,403	1.01
Lung Kee (Bermuda) Holdings Ltd	4,122,000	2,621,632	0.43
Mongolian Mining Corporation	6,385,500	7,876,344	1.30
NagaCorp Ltd	17,990,000	4,345,578	0.72

INVESTMENT PORTFOLIO (Continued)

AS AT 30 JUNE 2011 (UNAUDITED)

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>Hong Kong – Others (Continued)</i>			
Pacific Andes International Holdings Ltd	13,509,878	1,683,766	0.28
Pacific Textiles Holdings Ltd	5,876,000	3,910,840	0.65
Prosperity Real Estate Investment Trust	15,523,000	3,629,991	0.60
Real Gold Mining Ltd	4,283,500	3,657,230	0.60
Royale Furniture Holdings Ltd	2,503,107	1,054,901	0.17
Shenzhou International Group Holdings Ltd	1,972,000	2,680,718	0.44
Shimao Property Holdings Ltd	5,601,500	6,909,301	1.14
Sinoref Holdings Ltd	30,728,000	5,408,956	0.89
Sun Hing Vision Group Holdings Ltd	548,000	253,479	0.04
Tao Heung Holdings Ltd	4,223,000	1,481,297	0.24
Techtronic Industries Co Ltd	7,821,000	9,325,429	1.54
Truly International Holdings Ltd	1,116,000	160,598	0.03
Xiangyu Dredging Holdings Ltd	1,799,000	559,378	0.09
Xtep International Holdings Ltd	10,172,500	6,927,270	1.14
Yue Yuen Industrial (Holdings) Ltd	839,500	2,664,258	0.44
		<u>159,540,001</u>	<u>26.29</u>
<i>Indonesia</i>			
Indomobil Sukses Internasional Tbk PT	1,743,000	1,643,000	0.27
Mayora Indah (DMT) Tbk PT	1,491,000	2,246,998	0.37
Perusahaan Perkebunan London Sumatra Indonesia Tbk PT	10,895,000	2,916,153	0.48
Salim Ivomas Pratama TBK PT	20,237,500	2,779,035	0.46
		<u>9,585,186</u>	<u>1.58</u>

INVESTMENT PORTFOLIO (Continued)

AS AT 30 JUNE 2011 (UNAUDITED)

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>Japan</i>			
K's Holdings Corp	101,000	4,357,996	0.72
Komatsu Ltd	128,800	3,995,971	0.66
Ryohin Keikaku Co Ltd	93,100	4,439,673	0.73
		<u>12,793,640</u>	<u>2.11</u>
<i>Malaysia</i>			
Kulim Malaysia Bhd	1,856,700	2,164,817	0.35
Petronas Chemicals Group Bhd	1,057,600	2,483,731	0.41
Sime Darby Bhd	1,941,100	5,928,103	0.98
		<u>10,576,651</u>	<u>1.74</u>
<i>Philippines</i>			
San Miguel Corp	537,700	1,427,072	0.23
Universal Robina Corp	5,925,100	5,567,419	0.92
		<u>6,994,491</u>	<u>1.15</u>
<i>Singapore</i>			
ARA Asset Management Ltd	3,635,500	4,466,362	0.74
China Fishery Group Ltd	308,000	423,497	0.07
CSE Global Ltd	5,109,000	5,195,875	0.86
Elec & Eltek International Co Ltd	2,165,000	8,227,000	1.36
Noble Group Ltd	1,646,000	2,638,207	0.43
Tianjin Zhong Xin Pharmaceutical Group Corp Ltd	3,305,000	2,049,100	0.34
		<u>23,000,041</u>	<u>3.80</u>

INVESTMENT PORTFOLIO (Continued)

AS AT 30 JUNE 2011 (UNAUDITED)

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Listed equity securities (Continued)			
<i>South Korea</i>			
CJ O Shopping Co Ltd	367	79,184	0.01
Ilshin Spinning Co Ltd	5,027	531,958	0.09
Korea Kolmar Co Ltd	409,130	2,478,879	0.41
		3,090,021	0.51
<i>Taiwan</i>			
Asustek Computer Inc	1,042,000	10,322,040	1.70
Aten International Co Ltd	247,000	529,777	0.09
E-Life Mall Corporation	953,707	1,720,126	0.28
Feng Tay Enterprise Co Ltd	2,531,000	2,419,079	0.40
Gigabyte Technology Co Ltd	2,686,000	2,992,758	0.49
Hon Hai Precision Industry Co Ltd	1,552,760	5,314,635	0.88
HTC Corporation	90,000	3,027,159	0.50
Makalot Industrial Co Ltd	1,148,000	3,005,905	0.50
Nan Ya Plastics Corporation	1,883,000	4,995,982	0.82
President Chain Store Corporation	799,000	4,604,265	0.76
Quanta Computer Inc	2,471,000	5,850,557	0.96
Sporton International Inc	1,165,958	2,882,417	0.47
Wistron Corporation	3,209,000	5,676,086	0.94
		53,340,786	8.79
<i>Thailand</i>			
Advanced Info Service Pcl	1,192,600	3,881,530	0.64
Delta Electronics Thai Pcl	2,611,700	2,108,061	0.35
Khon Kaen Sugar Industry Pcl	11,945,700	5,248,721	0.86
Siam Makro Pcl	810,300	2,795,502	0.46
		14,033,814	2.31

INVESTMENT PORTFOLIO (Continued)

AS AT 30 JUNE 2011 (UNAUDITED)

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Quoted debt securities			
<i>Hong Kong dollar</i>			
Mingfa Group International Co Ltd 5.25% 05/23/2016 CB	15,000,000	1,701,519	0.28
<i>Indonesian rupiah</i>			
European Bank for Reconstruction and Development 6.5% 03/17/2014	31,000,000,000	3,598,569	0.59
<i>Philippines peso</i>			
Petron Corp 7% 11/10/2017	185,000,000	4,208,955	0.69
<i>Renminbi</i>			
Big Will Investments Ltd 7% 04/29/2014	29,000,000	4,162,990	0.69
Bright North Ltd 1.25% 04/13/2016 CB	14,000,000	2,042,795	0.34
China Power International Development Ltd 2.25% 05/17/2016 CB	16,200,000	2,687,033	0.44
Evergrande Real Estate Group Ltd 7.5% 01/19/2014	15,000,000	2,229,484	0.37
Evergrande Real Estate Group Ltd 9.25% 01/19/2016	30,000,000	4,453,167	0.73
Kaisa Group Holdings Ltd 8% 12/20/2015 CB	20,000,000	3,231,117	0.53
LDK Solar Co Ltd 10% 02/28/2014	5,000,000	737,251	0.12
Shui On Land Ltd 4.5% 09/29/2015	16,000,000	2,474,388	0.41
		22,018,225	3.63
<i>Singapore dollar</i>			
Keppel Land Ltd 1.875% 11/29/2015 CB	1,500,000	1,151,025	0.19
OSIM International Ltd 2.75% 07/05/2016 CB	2,000,000	1,552,486	0.26
		2,703,511	0.45

INVESTMENT PORTFOLIO (Continued)

AS AT 30 JUNE 2011 (UNAUDITED)

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Quoted debt securities (Continued)			
<i>United States dollar</i>			
Asia Cement Corp Conv 0% 01/27/2016	3,000,000	2,947,890	0.49
BLD Investments Pte Ltd 8.625% 03/23/2015	7,000,000	6,160,000	1.02
Core Projects & Technologies Ltd 7% 05/07/2015 CB	1,000,000	1,017,910	0.17
Country Garden Holdings Co 11.75% 09/10/2014	2,000,000	2,164,920	0.36
Country Garden Holdings Co 10.5% 08/11/2015	1,000,000	1,039,280	0.17
Country Garden Holdings Co 11.125% 02/23/2018	3,000,000	3,090,330	0.51
Davomas International Finance Co Ltd STP 12/08/2014 (PIK)	2,000,000	1,597,640	0.26
Excel Step Investments Conv STP 11/16/2012	1,460,000	1,606,000	0.27
EZRA Holdings 4% 11/25/2014 CB	3,000,000	2,998,380	0.49
Hynix Semiconductor Inc 2.65% 05/14/2015 CB	1,500,000	1,596,600	0.26
KWG Property Holdings Ltd 12.75% 03/30/2016	3,000,000	3,005,370	0.50
Longfor Properties Co Ltd 9.5% 04/07/2016	2,000,000	2,058,160	0.34
Lumena Resources Corp 12% 10/27/2014	1,500,000	1,468,935	0.24
Mizuho Capital Investment (REG S) VAR PERP	1,500,000	1,482,915	0.24
Paladin Energy Ltd 3.625% 11/04/2015 CB	5,000,000	4,331,250	0.71
Renhe Commercial Holdings Co Ltd 11.75% 05/18/2015	1,500,000	1,376,325	0.23
Renhe Commercial Holdings Co 13% 03/10/2016	2,000,000	1,871,440	0.31
San Miguel Corp 2% 05/05/2014 CB	1,600,000	1,719,840	0.28
Shimao Property Holdings Ltd 9.65% 08/03/2017	2,000,000	1,850,620	0.31
Videocon Industries Ltd 6.75% 12/16/2015 CB	1,400,000	1,118,194	0.18
Welspun Gujarat Stahl Ltd 4.5% 10/17/2014	1,000,000	980,400	0.16
		45,482,399	7.50

INVESTMENT PORTFOLIO (Continued)

AS AT 30 JUNE 2011 (UNAUDITED)

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)			
Unlisted investment funds			
Value Partners Strategic Equity Fund	189,480	219,797	0.04
Options			
USD Put / HKD Call 7.5 02/17/2012	128,500,000	149,446	0.02
Commodities			
Loco London Gold	23,500	35,351,520	5.83
Total financial assets at fair value through profit or loss		566,391,429	93.35
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
<i>Hong Kong – H-shares</i>			
BYD Co Ltd	(298,500)	(964,586)	(0.16)
Great Wall Motor Co Ltd	(2,523,500)	(4,150,227)	(0.69)
		(5,114,813)	(0.85)
<i>Hong Kong – Others</i>			
Geely Automobile Holdings Ltd	(3,445,000)	(1,345,617)	(0.22)
Total Financial liabilities at fair value through profit or loss		(6,460,430)	(1.07)
Total investments		559,930,999	92.28
Total investments, at cost		508,170,341	

INVESTMENT PORTFOLIO MOVEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2011 (UNAUDITED)

	% of net assets	
	30.6.2011	31.12.2010
Listed equity securities		
China	2.80	4.27
Hong Kong		
– H-shares	11.50	17.54
– Red chips	10.89	10.12
– Others	26.07	28.51
Indonesia	1.58	1.32
Japan	2.11	1.09
Malaysia	1.74	4.65
Philippines	1.15	–
Singapore	3.80	4.20
South Korea	0.51	–
Taiwan	8.79	6.80
Thailand	2.31	1.68
	73.25	80.18
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Quoted debt securities		
Hong Kong dollar	0.28	1.04
Indonesian rupiah	0.59	–
Philippines peso	0.69	0.86
Renminbi	3.63	1.07
Singapore dollar	0.45	0.58
United States dollar	7.50	8.59
	13.14	12.14
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Listed equity warrants	–	0.00
Listed investment funds	–	0.25
Unlisted investment funds	0.04	0.05
Options	0.02	–
Commodities	5.83	3.42
	92.28	96.04
Total investments	92.28	96.04