

VALUE PARTNERS TAIWAN FUND

ANNUAL REPORT 2011
For the year ended 30 June 2011



Value Partners Hong Kong Limited

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

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GENERAL INFORMATION

Manager

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

Directors of the Manager

Mr. Cheah Cheng Hye
Mr. Ho Man Kei
Mr. So Chun Ki Louis

Trustee, Registrar, Administrator and Principal Office

Bank of Bermuda (Cayman) Limited
PO Box 513
HSBC House
68 West Bay Road
Grand Cayman KY1-1106
Cayman Islands

Custodian and Registrar's Agent

HSBC Institutional Trust Services (Asia)
Limited
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Hong Kong

Legal Advisors

With respect to Cayman Islands law
Maples and Calder
Floor 53, The Center
99 Queen's Road Central
Hong Kong

With respect to Taiwan law
Russin & Vecchi
Bank Tower, 9th Floor
205 Tun Hwa North Road
Taipei, Taiwan, R.O.C.

With respect to Hong Kong law
Mallesons Stephen Jaques
13th Floor, Gloucester Tower
The Landmark
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Hong Kong

Auditor

PricewaterhouseCoopers
PO Box 258
George Town
Grand Cayman, KY1-1104
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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, July 2011</i> • 2011 – Hedge Fund 100 Value Partners was ranked as Asia’s largest hedge fund manager, and 58th worldwide – <i>Institutional Investor, May 2011</i> • 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> • Leading Buyside Individual – 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 – <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, October 2010</i>
* Based on the returns as at year end 2010.	

MANAGER'S REPORT

Performance

Over the past year ended 30 June 2011, the Value Partners Taiwan Fund (the "fund") returned 33.5%, in US dollar terms. Over the same period, the Taiwan Stock Exchange ("TWSE") and the MSCI Taiwan Index, in US dollar terms, gained 37.5% and 35.9%, respectively. In terms of year-to-date performance as of 30 June 2011, the fund is ranked No. 1 as determined by Morningstar in their Taiwan large- and small/mid-cap equity fund categories, among a total of 9 offshore funds available.

Since the fund's inception in March 2008, the fund generated a return of 29.8% for our clients. During the same period, the TWSE and the MSCI Taiwan Index, in US dollar terms, gained 25.1% and 10.7%, respectively.

Taiwan's growth on track in 2011

In the second quarter, market volatility remained elevated with a number of macro events, including weaker growth in US and debt contagion in Europe, driving global growth expectations lower. The anxiety over the global slowdown impacted the Taiwan market and continued to dominate market sentiment during this period. In particular, investors were worried about the challenges against its major sector, information technology ("IT"), on the back of weakening global demand, rising cost pressure and supply chain disruption from the Japan earthquake.

These macro fears have unsurprisingly overshadowed the improving fundamentals in the domestic economy. Taiwan has actually posted a set of solid economic data in the quarter, indicating its healthy recovery from the financial crisis in 2008. In June, the Taiwan government has upgraded their GDP growth estimate for 2011 to 5%, reflecting resilient export order growth and strong personal consumption.

The strong consumption sentiment in Taiwan has also been supported by the ongoing improving ties with China. The China link has become reality, as direct flights from major cities to Taiwan resumed in mid-2008, beginning at 36 flights per week. Since then, direct flights have increased to the current level of 550 flights per week. Tourism has also been boosted by Mainland travellers, and it is estimated that Chinese tourists already represent a third of all arrivals. The latest individual travel scheme began in June and rolled out in three cities (Shanghai, Beijing and Xiamen) at a daily quota of 500 tourists at the moment, but is expected to expand to more cities. In the coming years, Taiwan stands to benefit from the strong tourism spending, like Hong Kong.

MANAGER'S REPORT (Continued)

Taiwan's growth on track in 2011 (Continued)

Export data has been resilient, growing at over 10% year-on-year during April to May this year. The export sector has also benefited from good relations with China. Since the Economic Cooperation Framework Agreement ("ECFA") was signed with China in mid 2010, export growth has been particularly strong for items covered in ECFA's early harvest list, including petrochemicals, textile, machinery products. For the first quarter of 2011, these sectors' exports grew by 26%.

Despite the global sentiment concerns, the IT companies in Taiwan have not performed poorly. They continue to outperform regional peers and boost market share in the process. Some of them manage to benefit from being a cost leader in the region and build up strong brands in high-growth areas such as the smartphone sectors. Exports of Information & Communication products, which include handsets, personal computers and notebook computers, grew at over 70% year-on-year in April and May this year.

Investment outlook

Since the fund's launch, we have successfully applied our deep-value principle to Taiwan, using a stock-by-stock approach. As the stock market has seen more divergence in performance this year, this has allowed us to identify attractive opportunities more easily. President Chain Store Corporation (stock code: 2912 TT) is one of the investment experiences we would like to highlight here. We started to invest in the stock in early 2010, as our research work indicates that the franchise value of its 7-ELEVEN convenience store operation and other retail businesses in Taiwan has not yet been fully appreciated by investors until now. During the first six months this year, the stock which was one of our top five holdings in the portfolio as of 30 June 2011, has generated a return of 23%. Details of the stock information can be found in the latter part of the Manager's Report.

We continue to invest significantly in consumer stocks, which has been an overlooked sector in Taiwan in the past. We find business outlook of many consumer-related companies to be promising, supported by a healthy labour market and increasing Chinese tourists.

MANAGER'S REPORT (Continued)

Investment outlook (Continued)

Furthermore, as the presidential election is drawing near in January 2012, we anticipate there may be a pre-election rally. Given competition from candidates from the opposition party, Democratic Progressive Party ("DPP") is likely to be strong in this election, the ruling party Kuomintang ("KMT") and Chinese government may be incentivized to send further supportive signals to the market. Recently, the Taiwanese government has announced a wage hike of 3% for civil servants starting in July, after a 10-year wage freeze.

In the IT sector, we started to find some bargains after share price corrections during the second quarter. Our intensive research indicates that certain IT companies may be more likely to benefit from a rebound in sales in the second half of 2011, once de-stocking is completed, cost pressure eased and new IT products to be launched.

Aggressively defensive

The emerging picture for the world, including Asia, is of a slowing economy combined with higher inflation. Taiwan is relatively safer than many of its peers in the region, with solid growth and inflation as measured by the CPI rising at a manageable level of 1.9% in May 2011. However, we will keep a close watch on the ongoing inflation risk.

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 that can retain or increase their value over time. In Taiwan, there remain attractive opportunities for this kind of investing. Of course, given the global uncertainties, we have also taken care to anchor a part of the portfolio in hard, liquid assets, which has been a major investment theme across Value Partners' funds.

The consumption sector remains a primary focus of the portfolio outside of IT, with 18% exposure in these sectors which are expected to benefit from moderate inflation and the strong domestic economy. 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

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 Awards¹

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 Hong Kong Limited

14 October 2011

¹ *The award is calculated based on the returns up to the end of 2010.*

All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in USD 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 Taiwan Fund: 5 biggest holdings of securities as at 30 June 2011

Stock	Industry	Valuation (2011 Estimates)	Remarks
Aten International (Code: 6277 TT) Market cap: US\$0.3 billion	Computer peripherals	Price: TW\$61.60 P/E: 9.3x P/B: 2.5x Yield: 9.7%	Aten International is a Taiwan-based company engaged in the research, development, manufacture and distribution of keyboard-video-mouse (KVM) switches and universal serial bus (USB) series. It provides KVM switches for network management, servers and computer peripheral equipment under its own brands. Aten is one of the world's top three KVM brands with 13% market share globally and has consistently delivered above-average shareholder returns since its IPO in 2003. We believe the company is attractive and expect it to benefit from the recovering demand in the US and Europe as well as strong growth in China, as a result of its brand recognition and improved channel distribution efforts.
Hon Hai Precision Industry (Code: 2317 TT) Market cap: US\$33.0 billion	Electronic manufacturing service provider	Price: TW\$98.50 P/E: 10.7x P/B: 1.7x Yield: 1.8%	Hon Hai Precision Industry ("Hon Hai") is the largest electronics manufacturing service provider in terms of revenue, with more than 680,000 employees globally. The company designs and manufactures PCs, printers, TVs, game consoles, handsets and MP3 units for many global giants, such as Dell, Hewlett-Packard, Sony, Nokia, Cisco Systems and Apple. Hon Hai has aggressively moved its manufacturing sites from China's coastal areas to lower-cost inland sites over the past two years. Through successful vertical integration, this manufacturer offers its customers one-stop shopping and it also enjoys better profitability than its peers.
President Chain Store Corp (Code: 2912 TT) Market cap: US\$6.0 billion	Convenience-store operations	Price: TW\$166.00 P/E: 24.4x P/B: 7.8x Yield: 3.5%	President Chain Store Corporation ("PCSC") operates the 7-ELEVEN convenience stores in Taiwan. At present, it has a network of 4,800 stores throughout the island, which is equivalent to a market share of over 50%. With strong execution and innovative marketing strategies, the company has consistently delivered impressive returns to shareholders. In the last decade, management has expanded into other retail territories in Taiwan, including drugstores, catering, department stores and others. Many of these have started to yield meaningful contributions to the company. PCSC has successfully established the strongest retail franchise in Taiwan, and we believe its expansion to other geographical regions (e.g. Shanghai and Philippines) will be its new growth driver in the future.

MANAGER'S REPORT (Continued)

**Value Partners Taiwan Fund: 5 biggest holdings of securities as at 30 June 2011
(Continued)**

Stock	Industry	Valuation (2011 Estimates)	Remarks
<p>Sporton International (Code: 6146 TT)</p> <p>Market cap: US\$0.2 billion</p>	<p>Testing and quality assurance services</p>	<p>Price: TW\$71.00 P/E: 10.1x P/B: 2.9x Yield: 8.0%</p>	<p>Sporton is a Taiwan-based company engaged in the provision of product testing and certification services. Their customers include Samsung Electronics, HTC, Asustek Computer, Quanta Computer, etc. The company provides testing reports for electronics products and home appliances on electromagnetic interference, electromagnetic suspension and product safety regulations. In addition, the company is particularly strong in mobile device conformance testing, which is mandatory before communication products can be launched. We think the company will continue to deliver healthy growth driven by the rising demand for converged device and increasing complexity of communication technology.</p>
<p>Taiwan Semiconductor Manufacturing (Code: 2330 TT)</p> <p>Market cap: US\$64.8 billion</p>	<p>Integrated circuits manufacturing</p>	<p>Price: TW\$72.20 P/E: 11.5x P/B: 2.8x Yield: 4.2%</p>	<p>Taiwan Semiconductor Manufacturing ("TSMC") is a world-class independent semiconductor foundry. It provides integrated circuit (IC) design houses with the integrated services of process design, wafer manufacturing and testing. As the global leader with more than 50% share of the outsourcing market, the company has consistently outperformed its competitors, in terms of technology and profitability. We think the company is well-positioned to continue benefit from the growing IC manufacturing outsourcing market.</p>

Note: The above investments made up 20.8% of Value Partners Taiwan 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.

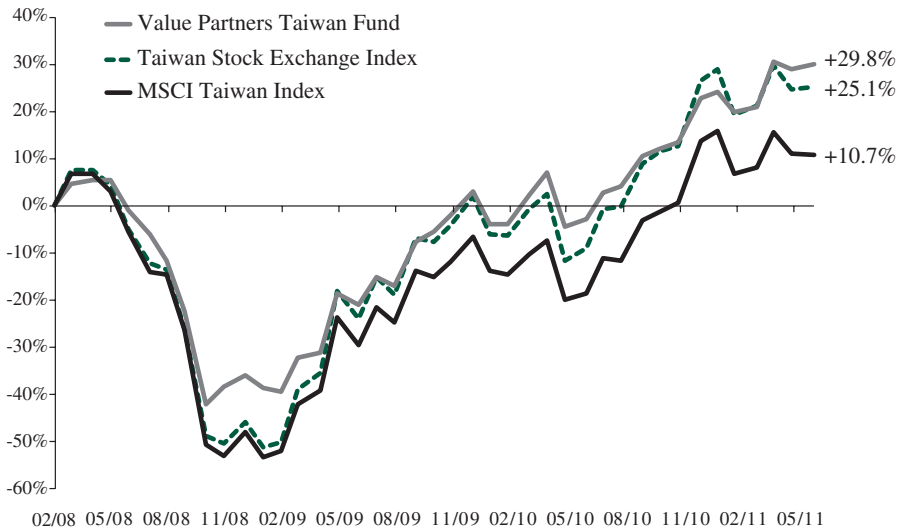
MANAGER'S REPORT (Continued)

Value Partners Taiwan Fund

NAV per unit = US\$12.98 (as at 30 June 2011)

Since launch return compared to indices

From 3 March 2008 to 30 June 2011



STATEMENT OF RESPONSIBILITIES OF THE MANAGER AND THE TRUSTEE

Manager's responsibilities

The Manager, Value Partners Hong Kong Limited, is required by the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong and the Trust Deed dated 30 January 2008 to prepare financial statements for each annual accounting period which give a true and fair view of the financial position of Value Partners Taiwan Fund (the "Fund") at the end of that period and of the transactions for the period then ended. In preparing these financial statements, the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are prudent and reasonable; and
- prepare the financial statements on the basis that the Fund will continue in operation unless it is inappropriate to presume this.

The Manager is also required to manage the Fund in accordance with the Trust Deed dated 30 January 2008 and take reasonable steps for the prevention and detection of fraud and other irregularities.

Trustee's responsibilities

The Trustee, Bank of Bermuda (Cayman) Limited, is required to:

- ensure that the Fund is managed by the Manager in accordance with the Trust Deed dated 30 January 2008 and that the investment and borrowing powers are complied with;
- satisfy itself that sufficient accounting and other records have been maintained;
- safeguard the property of the Fund and rights attaching thereto; and
- report to the unitholders for each annual accounting period on the conduct of the Manager in the management of the Fund.

TRUSTEE'S REPORT

We hereby confirm that, in our opinion, the Manager, Value Partners Hong Kong Limited, has, in all material respects, managed Value Partners Taiwan Fund in accordance with the provisions of the Trust Deed dated 30 January 2008 for the year ended 30 June 2011.

For and on behalf of
Bank of Bermuda (Cayman) Limited

Trustee
14 October 2011

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE AND THE UNITHOLDERS OF VALUE PARTNERS TAIWAN FUND

Report on the financial statements

We have audited the accompanying financial statements of Value Partners Taiwan Fund (the "Fund") set out on pages 16 to 36, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Trustee and the Manager (the "Management") of the Fund are responsible for the preparation and fair presentation of financial statements in accordance with International Financial Reporting Standards, and are responsible for ensuring that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed dated 30 January 2008 (the "Trust Deed"), and the relevant financial statements disclosure provisions specified in Appendix E of the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE AND THE UNITHOLDERS OF VALUE PARTNERS TAIWAN FUND (Continued)

Auditor's responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory disclosure requirements

We report that the financial statements have been properly prepared in accordance with the relevant disclosure provisions of the Trust Deed and the relevant financial statements disclosure provisions specified in the SFC Code.

PricewaterhouseCoopers

Cayman Islands
14 October 2011

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	2011 US\$	2010 US\$
Assets			
Financial assets at fair value through profit or loss	3(d)	58,883,844	37,651,580
Amounts receivable on sales of investments		30,598	174,132
Amounts receivable on issue of units		348,984	257,426
Dividends and interest receivables		255,841	470
Bank balances		5,071,940	2,944,399
Total assets		<u>64,591,207</u>	<u>41,028,007</u>
Liabilities			
Amounts payable on purchases of investments		–	204,384
Amounts payable on redemption of units		2,957,905	–
Management fee payable	6(a)	79,977	48,651
Performance fee payable	6(b)	2,116,453	–
Accruals and other payables		37,075	38,959
Total liabilities		<u>5,191,410</u>	<u>291,994</u>
Net assets attributable to unitholders	5	<u>59,399,797</u>	<u>40,736,013</u>

Represented by:

– Net assets attributable to unitholders (at last traded prices)	5	59,497,995	40,782,979
– Adjustment for different bases adopted by the Fund in arriving at the net assets attributable to unitholders	5	<u>(98,198)</u>	<u>(46,966)</u>
Net asset value per unit (at last traded prices) with 4,582,445.33 (2010: 4,196,439.28) units outstanding		<u>12.98</u>	<u>9.72</u>

Signed by:

Value Partners Hong Kong Limited, *Manager*

Bank of Bermuda (Cayman) Limited, *Trustee*

The notes on pages 20 to 36 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	<i>Note</i>	2011 US\$	2010 US\$
Income			
Dividends		1,789,700	1,169,462
Interest on bank deposits		378	440
Net realised gain on investments		9,376,082	4,264,100
Change in unrealised gain/loss on investments		6,384,602	2,963,554
Net foreign exchange gain		96,512	45,522
		<hr/>	<hr/>
Total net income		17,647,274	8,443,078
		<hr/>	<hr/>
Expenses			
Performance fee	<i>6(b)</i>	2,116,453	–
Management fee	<i>6(a)</i>	659,104	486,486
Transaction handling fee		399,841	394,361
Trustee fee	<i>6(c)</i>	116,489	105,000
Safe custody and bank charges		52,312	35,656
Auditor's remuneration		33,300	27,960
Legal and professional fees		4,863	11,728
Other operating expenses		30,194	23,931
		<hr/>	<hr/>
Total operating expenses		3,412,556	1,085,122
		<hr/>	<hr/>
Profit before tax		14,234,718	7,357,956
Withholding tax on dividends and other investment income	<i>7(c)</i>	(398,144)	(236,429)
		<hr/>	<hr/>
Profit for the year		13,836,574	7,121,527
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 20 to 36 are an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

FOR THE YEAR ENDED 30 JUNE 2011

	2011 <i>US\$</i>	2010 <i>US\$</i>
Net assets attributable to unitholders as at 1 July	40,736,013	33,702,132
Issue of units	19,625,672	5,680,858
Redemption of units	<u>(14,798,462)</u>	<u>(5,768,504)</u>
Net increase/(decrease) from capital transactions	<u>4,827,210</u>	<u>(87,646)</u>
Profit for the year	<u>13,836,574</u>	<u>7,121,527</u>
Net assets attributable to unitholders as at 30 June	<u><u>59,399,797</u></u>	<u><u>40,736,013</u></u>

The notes on pages 20 to 36 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	2011 US\$	2010 US\$
Cash flows from operating activities		
Profit for the year	13,836,574	7,121,527
Adjustments for:		
Dividends	(1,789,700)	(1,169,462)
Interest on bank deposits	(378)	(440)
Withholding tax on dividends and other investment income	398,144	236,429
	<u>12,444,640</u>	<u>6,188,054</u>
Increase in financial assets at fair value through profit or loss	(21,232,264)	(8,218,469)
Decrease in amounts receivable on sales of investments	143,534	62,785
(Decrease)/increase in amounts payable on purchases of investments	(204,384)	92,226
Increase in management fee payable, performance fee payable, accruals and other payables	<u>2,145,895</u>	<u>21,519</u>
Cash used in operations	(6,702,579)	(1,853,885)
Dividends received	1,534,333	1,355,667
Interest on bank deposits received	374	460
Withholding tax on dividends and other investment income paid	<u>(398,144)</u>	<u>(236,429)</u>
Net cash outflow from operating activities	<u>(5,566,016)</u>	<u>(734,187)</u>
Cash flows from financing activities		
Proceeds from issue of units	19,534,114	5,423,432
Payments on redemption of units	<u>(11,840,557)</u>	<u>(5,768,504)</u>
Net cash inflow/(outflow) from financing activities	<u>7,693,557</u>	<u>(345,072)</u>
Net increase/(decrease) in cash and cash equivalents	2,127,541	(1,079,259)
Cash and cash equivalents as at 1 July	<u>2,944,399</u>	<u>4,023,658</u>
Cash and cash equivalents as at 30 June, representing bank balances	<u><u>5,071,940</u></u>	<u><u>2,944,399</u></u>

The notes on pages 20 to 36 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Value Partners Taiwan Fund (the “Fund”) is an open-ended unit trust established by the Trust Deed dated 30 January 2008. The Fund is registered under the Mutual Funds Law (revised) of the Cayman Islands, governed by the laws of the Cayman Islands and regulated by the Cayman Islands Monetary Authority. Besides, the Fund is authorised by the Securities and Futures Commission of Hong Kong and is required to comply with the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong (the “Code”).

The Fund’s investment objective is to achieve long-term capital growth through primarily investing in companies that are listed on (a) the Taiwan Stock Exchange; or (b) the Gre Tai Securities Market; or (c) any stock exchange but which have their main operations or majority of assets in or derive the majority of their income from Taiwan. This includes companies incorporated and/or quoted outside Taiwan. The Fund’s investment activities are managed by Value Partners Hong Kong Limited (the “Manager”). The Fund’s administration is delegated to Bank of Bermuda (Cayman) Limited (the “Trustee”). The principal office of the Fund is PO Box 513, HSBC House, 68 West Bay Road, Grand Cayman KY1-1106, Cayman Islands.

2 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

All reference to net assets throughout this document refers to net assets attributable to unitholders unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of preparation (Continued)

Standards and amendments to existing standards effective 1 July 2010

- IAS 1 (Amendment) “Presentation of Financial Statements”. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Fund has applied IAS 1 (Amendment) from 1 July 2010. The amendment does not have any impact on the Fund’s financial statements.

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

- IFRS 9 “Financial Instruments Part 1: Classification and Measurement” (effective from 1 January 2013). IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. The standard requires an entity to classify its financial assets into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The Manager and the Trustee (the “Management”) anticipate that the application of the standard will have no material impact on how the results and financial position of the Fund are prepared.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial assets at fair value through profit or loss

(i) *Classification*

The Fund classifies its investments in equity securities, and related derivatives, as financial assets at fair value through profit or loss. These financial assets are designated by Management at fair value through profit or loss at inception.

(ii) *Recognition/derecognition*

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

(iii) *Measurement*

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

(iv) *Fair value estimation*

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the year end date. The quoted market price used for financial assets held by the Fund is the current bid price.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) **Income**

Dividend income is recognised when the right to receive payment is established.

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

(d) **Expenses**

Expenses are accounted for on an accrual basis.

(e) **Foreign currency translation**

The financial statements are presented in United States dollar (“USD”), which is the Fund’s functional and presentation currency.

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

(f) **Taxation**

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

(g) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT

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

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

(a) Market risk

(i) Foreign exchange risk

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

The table below includes both monetary and non-monetary assets and liabilities held in different foreign currencies together with the percentage of reasonable possible change in foreign exchange rates and the estimated impact on net assets.

	Total net foreign currency exposures		Percentage change %	Estimated impact on net assets US\$
	Non- monetary net assets US\$ equivalent	Monetary net assets US\$ equivalent		
As at 30 June 2011				
Australian dollar	344,788	–	+/-5	+/-17,239
Hong Kong dollar*	973,047	105,949	+/-0	–
Taiwan dollar	52,601,753	1,386,289	+/-5	+/-2,699,402
As at 30 June 2010				
Australian dollar	390,151	1,183	+/-5	+/-19,567
Hong Kong dollar*	3,041,447	1,024,726	+/-0	–
Taiwan dollar	31,861,322	1,732,623	+/-5	+/-1,679,697

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk

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

The Fund's overall market exposures were as follow:

	% of net assets	
	2011	2010
Financial assets at fair value through profit or loss		
Listed equity securities		
Australia	0.58	0.96
Hong Kong		
– H-shares	–	2.22
– Others	1.64	5.22
Taiwan	88.41	78.12
	<hr/>	<hr/>
	90.63	86.52
Listed equity warrants		
Hong Kong	–	0.02
Commodities	<hr/>	<hr/>
	8.34	5.78
	<hr/>	<hr/>
	98.97	92.32
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

The table below shows the analysis of the equity securities by industry.

	2011 %	2010 %
Information technology	51.66	47.60
Consumer discretionary	15.02	11.45
Financials	9.30	7.39
Materials	9.11	10.65
Industrials	7.59	10.21
Consumer staples	5.81	9.03
Healthcare	0.87	–
Energy	0.64	3.67
	100.00	100.00

The table below summarises the sensitivity of the Fund's portfolio of equity securities to equity price movements. The analysis is based on the assumptions that the Taiwan TAIEX Index increased/decreased with all other variables held constant and that the fair value of the Fund's portfolio of equity securities moved according to their historical correlation with the index. The Fund is not directly correlated with any Asian market indices. The index should be used for guidance and performance comparison purposes only. The Manager does not manage price risk with reference to any market index.

	Percentage change		Estimated change in net asset value	
	2011 %	2010 %	2011 US\$	2010 US\$
Taiwan TAIEX Index	+/-30	+/-30	+/-15,843,073	+/-9,999,011

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

As at 30 June 2011 and 2010, the Fund also invested in gold and/or gold exchange-traded fund and was therefore exposed to commodity price risk. The table below summarises the sensitivity of the Fund's investments in gold and/or gold exchanged-traded fund to gold price movements.

	Percentage change		Estimated change in net asset value	
	2011	2010	2011	2010
	%	%	US\$	US\$
Gold price	+/-5	+/-5	+/-248,213	+/-117,933

(iii) Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Bank balances are subject to interest rate risk as the return is derived from the current inter-bank lending rates; however, the interest rate risk is not actively managed as it is not considered significant. As a result, no sensitivity analysis is deemed necessary.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit and counterparty risk

The Fund limits its exposure to credit risk by transacting the majority of its securities and contractual commitment activities with broker-dealers, banks and regulated exchanges that the Manager considers to be well established. All transactions in listed securities are settled/paid for upon delivery using approved and reputable brokers. The risk of default is considered minimal since delivery of securities sold is only made when the broker has received payment. In a purchase, payment is made when the securities have been received by the broker. If either party fails to meet its obligation, the trade will fail.

The table below shows the exposures to major counterparties at the year end date.

	2011	2010
	<i>US\$</i>	<i>US\$</i>
Bank balances		
Aa2	5,071,940	2,944,399
Investments placed with the custodian and other brokers		
Aa2	58,883,844	37,651,580

The maximum exposure to credit risk at year end is the carrying amount of the financial assets excluding listed equity securities as shown in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The units of the Fund are exposed to weekly redemption. The Manager may limit the total number of units redeemed on any dealing day to 10% of the total number of units in issue in accordance with the Trust Deed dated 30 January 2008.

The table below analyses the Fund's non-derivative financial liabilities based on the remaining period at the year end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The table below reflects captions on the statement of financial position items and shows how much of the net assets can be redeemed if the Manager does not exercise the 10% redemption gate.

	Less than 3 months	
	2011	2010
	<i>US\$</i>	<i>US\$</i>
Amounts payable on redemption of units	2,957,905	–
Amounts payable on purchases of investments	–	204,384
Management fee payable	79,977	48,651
Performance fee payable	2,116,453	–
Accruals and other payables	37,075	38,959
	<u>5,191,410</u>	<u>291,994</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (Continued)

The markets in which the Fund invests may be relatively illiquid and the liquidity of these markets may fluctuate substantially over time. Investment of the Fund's assets in relatively illiquid securities may restrict the ability of the Fund to dispose of its investments at a price and time that it wishes. The risk of illiquidity also arises in the case of over-the-counter transactions. The Manager monitors the liquidity of the Fund by conducting liquidity testing on the investment portfolio on a monthly and ad-hoc basis. The objective of testing is to monitor liquidity of financial assets to meet the cash outflows on financial liabilities. As at 30 June 2011, the Fund held investments in listed equity securities of US\$53,919,588 (2010: US\$35,283,731) and other liquid assets, including bank balances and amounts receivable on sales of investments, of US\$5,102,538 (2010: US\$3,118,531) that are expected to be able to realise within 7 days or less to generate cash inflows for managing liquidity risk. As detailed in the terms of the Trust Deed dated 30 January 2008, there are circumstances whereby Management of the Fund can suspend redemptions. Management are of the view that the possibility of these circumstances occurring is highly remote.

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

Investor	% of net assets
As at 30 June 2011	
Investor 1	20.53
Investor 2	15.12
Investor 3	12.57
Investor 4	10.05
As at 30 June 2010	
Investor 1	22.34
Investor 2	22.01
Investor 4	10.98

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value estimation

The following table analyses within the fair value hierarchy the Fund's financial assets (by class) measured at fair value at year end.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
As at 30 June 2011				
Listed equity securities	53,919,588	–	–	53,919,588
Commodities	4,964,256	–	–	4,964,256
	<u>58,883,844</u>	<u>–</u>	<u>–</u>	<u>58,883,844</u>
As at 30 June 2010				
Listed equity securities	35,283,731	–	–	35,283,731
Listed equity warrants (<i>note 4</i>)	9,189	–	–	9,189
Commodities	2,358,660	–	–	2,358,660
	<u>37,651,580</u>	<u>–</u>	<u>–</u>	<u>37,651,580</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, active listed equity warrants and commodities. The Fund does not adjust the quoted price for these instruments.

4 DERIVATIVE FINANCIAL INSTRUMENTS

The Fund's derivative financial instruments are detailed below:

	Notional amount	Fair values Assets US\$	Liabilities US\$
As at 30 June 2010			
Listed equity warrants	HK\$787,540	9,189	–

There were no derivative financial instruments held by the Fund as at 30 June 2011.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 REDEEMABLE UNITS

The Fund's units, which are redeemable at the holder's option, are the most subordinate units in issue, and are classified as equity.

Units are issued and redeemed at the holder's option at prices based on the Fund's net asset value per unit at the time of issue or redemption. The Fund's net asset value per unit is calculated by dividing the net assets attributable to unitholders by the total number of outstanding units.

All issued units are fully paid and have no par value. Each unit carries one vote. Units are entitled to dividends and to payment of a proportionate share based on the Fund's net asset value per unit on the redemption date.

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

In accordance with the provisions of the Fund's Trust Deed dated 30 January 2008, investment positions are valued using the last traded market price for the purpose of determining the net asset value per unit for subscriptions and redemptions and for fees calculation. However, as stated in note 2(b)(iv), the accounting policies of the Fund for the purpose of compliance with IFRS are to value investment positions at bid/ask price. To determine the net asset value of the Fund for subscriptions and redemptions and for fees calculation, investments have been valued using the last traded market prices as of the close of business on the relevant trading day and results in an increase in the value of investments of US\$98,198 (2010: US\$46,966) as at 30 June 2011 when compared to the accounting policies as stated in note 2(b)(iv).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 REDEEMABLE UNITS (Continued)

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

	Number of units	
	2011	2010
As at 1 July	4,196,439.28	4,265,296.49
Issue of units	1,594,539.29	606,106.27
Redemption of units	<u>(1,208,533.24)</u>	<u>(674,963.48)</u>
As at 30 June	<u><u>4,582,445.33</u></u>	<u><u>4,196,439.28</u></u>

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

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

(a) Management fee

The Manager is entitled to receive a management fee which represents 1.25% per annum of the net asset value of the Fund. The management fee is calculated and accrued weekly and payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

(b) Performance fee

The Manager is entitled to receive a performance fee which represents 15% of the product of the average number of units in issue during the year and the amount by which the net asset value per unit as at 30 June of each year (the “Performance Fee Valuation Day”) (prior to the deduction of any provision for performance fee and any distribution declared or paid in respect of that performance period) exceeds the higher of (i) the initial offer price of US\$10.00 and (ii) the net asset value per unit as at the Performance Fee Valuation Day of the preceding performance period in respect of which a performance fee was last paid to the Manager (after deduction of all fees including any performance fee and taking into account the subscription and redemption instructions received in respect of the Fund as of the Performance Fee Valuation Day and any distribution declared or paid in respect of that preceding performance period). The performance fee is calculated and accrued weekly and payable yearly in arrears.

(c) Trustee fee

The Trustee is entitled to receive a trustee fee which represents a variable fee of (i) 0.21% per annum on the first US\$100 million of net asset value of the Fund; (ii) 0.18% per annum on the next US\$100 million of net asset value of the Fund; and (iii) 0.16% per annum thereafter, subject to a minimum of US\$8,500 per month. The variable fee is calculated and accrued weekly and payable monthly in arrears. The Trustee is also entitled to a fixed fee of US\$3,000 per annum payable monthly in arrears.

(d) Manager’s and its related parties’ holding in the Fund

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

	As at 1 July	Issue of units	Redemption of units	As at 30 June
2011				
Mr. Cheah Cheng Hye*	460,507.01	–	–	460,507.01
Value Partners Limited**	199,999.87	–	–	199,999.87

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

	As at 1 July	Issue of units	Redemption of units	As at 30 June
2010				
Mr. Cheah Cheng Hye*	150,000.00	310,507.01	–	460,507.01
Value Partners Limited**	199,999.87	–	–	199,999.87

* *Mr. Cheah Cheng Hye is a Director of the Manager.*

** *Value Partners Limited is a fellow subsidiary of the Manager of the Fund.*

7 TAXATION

(a) Cayman Islands

The Fund has obtained an undertaking from the Governor-in-Council of the Cayman Islands that, in accordance with Section 81 of the Trusts Law (2001 Revision) of the Cayman Islands, for a period of 50 years from 20 October 2008, no laws thereafter enacted in the Cayman Islands imposing any tax or duty on income, capital assets, gains or appreciations will apply to the Fund.

(b) Hong Kong

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

(c) Other jurisdictions

Overseas withholding tax was charged on certain dividend and investment income received during the year.

8 DISTRIBUTION

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 SOFT COMMISSION ARRANGEMENTS

The Manager and/or any company associated with it and its delegates may receive, and are entitled to retain research products and services (known as soft dollar benefits) which are of demonstrable benefit to the Fund (as may be permitted under applicable rules and regulations) from brokers and other persons through whom investment transactions are carried out (“brokers”) provided that the quality of transaction execution is consistent with best execution standards. The Manager will consider many judgemental factors deemed relevant in determining whether a broker will provide best execution, which may include the provision of research products and investment ideas, introductory services to potential investee companies, access to investment opportunities and initial public offerings and placements which are for the benefit of the Fund. The commission rates charged by brokers in these circumstances may be higher than those charged by other brokers who do not offer such services or by the same broker if it only provides execution services. Examples of research products and services that the Manager may receive from brokers include analyses and reports concerning industries, securities and, economic factors and trends. The Fund generally will pay customary full service brokerage rates where execution, research and other services cannot be unbundled for the same commission rate.

In particular cases where execution, research and other services can be unbundled, the Fund will pay a brokerage commission that is discounted from customary full service brokerage rates if no research or other services are provided in addition to brokerage execution. In addition, the Manager has the discretion to cause the Fund to pay brokerage commissions in excess of discounted rates, and up to full service brokerage rates, for quality brokerage execution and the provision of research or other appropriate services that the Manager determines to be beneficial to the Fund.

The Manager may pay brokers commissions for effecting portfolio transactions in excess of amounts other brokers would have charged for effecting similar transactions if the Manager determines in good faith that such amounts are reasonable in relation to the value of the research and other services provided, viewed in terms of the particular transaction or the Manager’s overall duty to its clients.

10 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee and the Manager on 14 October 2011.

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			
<i>Australia</i>			
Paladin Energy Limited	127,889	344,788	0.58
<i>Hong Kong</i>			
Kingboard Chemical Holdings Limited	165,500	761,272	1.28
Man Yue Technology Holdings Limited	854,000	211,775	0.36
		973,047	1.64
<i>Taiwan</i>			
ADLINK Technology Inc	323,000	665,794	1.12
Ambassador Hotel	592,000	958,496	1.61
Apex Biotechnology Corporation	202,000	472,645	0.79
Array Incorporation	292,000	279,596	0.47
Asustek Computer Incorporation	187,500	1,857,373	3.12
Aten International Company Limited	1,261,000	2,704,652	4.55
Audix Corporation	1,268,000	1,503,322	2.53
Aurora Corporation	656,000	1,281,393	2.15
Cando Corporation	574,098	488,143	0.82
China Petrochemical Development Corporation	827,000	943,045	1.59
Chinatrust Financial Holding Company Limited	703,000	610,719	1.03
Cincon Electronics Company Limited	328,000	585,877	0.98
E Sun Financial Holding Company Limited	2,151,000	1,524,124	2.56
E-Life Mall Corporation	942,965	1,700,752	2.86
Flytech Technology Company Limited	441,000	1,289,833	2.17
Formosa Chemicals & Fibre Corporation	309,000	1,145,839	1.93
Formosa International Hotels Corporation	64,700	1,225,515	2.06
Foxconn Technology Company Limited	252,000	1,039,763	1.75
Gigabyte Technology Company Limited	1,478,000	1,646,797	2.77
Hon Hai Precision Industry Company Ltd	758,000	2,594,408	4.36
Hotai Motor Company Limited	188,000	703,691	1.18
HTC Corporation	41,000	1,379,039	2.32
Huaku Development Company Limited	346,060	1,029,022	1.73
Makalot Industrial Company Limited	325,000	850,975	1.43

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)			
<i>Taiwan (Continued)</i>			
Mercuries & Associates Limited	1,444,000	1,382,660	2.32
Nan Ya Plastics Corporation	612,000	1,623,760	2.73
President Chain Store Corporation	436,000	2,512,465	4.22
Quanta Computer Incorporation	468,000	1,108,078	1.86
Shin Kong No 1 REIT	1,583,000	563,310	0.95
Sinmag Equipment Corporation	415,000	1,502,786	2.53
Sporton International Incorporation	933,525	2,307,809	3.88
Springsoft Incorporation	215,000	273,990	0.46
Taiwan Chinsan Electronic Industrial Company Limited	183,000	343,444	0.58
Taiwan Semiconductor Manufacturing Company Limited	910,000	2,281,337	3.83
Test Research Incorporation	378,000	598,193	1.01
Thinking Electronic Industrial Company Limited	403,000	594,958	1.00
Tripod Technology Corporation	241,000	994,377	1.67
Uni-President Enterprises Corporation	425,800	613,792	1.03
UPC Technology Corporation	1,491,000	1,194,046	2.01
Wah Lee Industrial Corporation	968,000	1,793,092	3.01
Wan Hai Lines Limited	669,000	503,148	0.84
Wistron Corporation	274,000	858,635	1.44
WT Microelectronics Company Limited	972,000	1,790,348	3.01
Yuanta Financial Holding Company Limited	1,853,000	1,280,712	2.15
		<u>52,601,753</u>	<u>88.41</u>
Commodities			
Loco London Gold	3,300	<u>4,964,256</u>	<u>8.34</u>
Total investments		<u>58,883,844</u>	<u>98.97</u>
Total investments, at cost		<u>51,963,941</u>	

INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

AS AT 30 JUNE 2011

	% of net assets	
	2011	2010
Listed equity securities		
Australia	0.58	0.96
Hong Kong		
– H-shares	–	2.22
– Others	1.64	5.22
Taiwan	88.41	78.12
	<u>90.63</u>	<u>86.52</u>
Listed equity warrants		
Hong Kong	–	0.02
Commodities	<u>8.34</u>	<u>5.78</u>
Total investments	<u><u>98.97</u></u>	<u><u>92.32</u></u>

PERFORMANCE RECORD (UNAUDITED)

Net assets (at last traded prices)

	2011	2010	2009
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Net assets	59,497,995	40,782,979	33,755,119
Net asset value per unit	12.98	9.72	7.91

Performance record since inception

	Highest issue price per unit	Lowest redemption price per unit
	<i>US\$</i>	<i>US\$</i>
2011	13.46	9.89
2010	10.69	8.03
2009 (since inception)	10.72	5.81

Note: The Fund has elected to prepare the financial statements in accordance with IFRS. There are no material variations between IFRS and the United States Generally Accepted Accounting Principles ("US GAAP").