

**VALUE PARTNERS CHINA A-SHARE SELECT FUND**  
A Sub-Fund of Value Partners Fund Series

**2017** SEMI-ANNUAL  
REPORT

For the six months ended 30 June 2017

**Value Partners Hong Kong Limited**

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

# VALUE PARTNERS CHINA A-SHARE SELECT FUND

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(A Hong Kong umbrella unit trust)

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## GENERAL INFORMATION

### Manager

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

### Directors of the Manager

Dato' Seri Cheah Cheng Hye  
Mr So Chun Ki Louis  
Mr Ho Man Kei, Norman

### Trustee and Registrar

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

### Custodian

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road Central  
Hong Kong

### PRC Custodian

HSBC Bank (China) Company Limited  
33th Floor, HSBC Building, Shanghai IFC  
8 Century Avenue, Pudong  
Shanghai 200120  
China

### Legal Advisors

Simmons & Simmons  
13th Floor One Pacific Place  
88 Queensway  
Hong Kong

### Auditor

PricewaterhouseCoopers  
21st Floor, Edinburgh Tower  
15 Queen's Road Central  
Hong Kong

### Information available from:

Value Partners Hong Kong Limited  
9th Floor, Nexus Building  
41 Connaught Road Central  
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## GENERAL INFORMATION (CONTINUED)

### Recent awards and achievements

#### Corporate Awards

- |             |   |
|-------------|---|
| <b>2017</b> | <ul style="list-style-type: none"><li>• <b>The Asset Triple A, Asset Servicing, Investor and Fund Management Awards 2017</b><br/><b>Fund Manager of the Year - Long-only Fixed Income (Highly Commended)</b><br/><b>Mr. Gordon Ip, Value Partners Greater China High Yield Income Fund</b><br/>– <i>The Asset</i></li><li>• <b>Asset Management Awards for Excellence 2017</b><br/><b>Best Fund Provider - Greater China Equity</b><br/>– <i>Asian Private Banker</i></li></ul> |
|-------------|---|

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## MANAGER'S REPORT

Hong Kong and China stockmarkets extended their solid performance in the second quarter underpinned by strong corporate earnings results and robust macro data. Value Partners China A-Share Select Fund increased by 7.1% during the quarter. For reference, the Shanghai Composite Index dropped 0.9% while the CSI 300 Index gained 7.0%, respectively, over the same period.

### China buoyed by signs of stabilising growth

A series of encouraging macro data signalled further stabilization in China's economy. The official manufacturing Purchasing Managers' Index stayed in expansionary territory in June for the 11th consecutive month while export surprised on the upside on the back of global trade recovery, rising 8.7% in May in USD terms. Meanwhile, China's retail sales grew 10.7% from a year earlier in May, reflecting the continuous progress in China's shift towards a consumption-driven economy.

Robust fundamentals in the first half of 2017 highlighted the strength in China's economy, providing a window of opportunity for the policy makers to tackle deep-seated structural issues. In fact, such structural issues, including climbing debt levels and shadow banking, were cited as major reasons in Moody's downgrade of China and Hong Kong's sovereign credit ratings in late May. In light of the government's policy bias tilts towards tightening to rein in leverage and financial risks, we expect a modest moderation in growth later this year. However, we believe that a sharp deceleration in growth is unlikely given a managed pace of tightening and the government's policy priority to maintain growth at 6.5% this year.

### Earnings growth as catalysts

The Hong Kong and China markets turned in a strong rally year-to-date on the back of recovering corporate earnings results. The recovery trend in earnings is evident – as compared to an earning contraction of 13% in the fourth quarter of 2016, earnings growth of MSCI China Index companies picked up to 7% year-on-year during the first quarter of 2017<sup>1</sup>. Meanwhile, with recovering profitability and margin expansion, consensus earnings-per-share (EPS) growth of the MSCI China Index<sup>2</sup> is estimated to reach 15% for the whole year of 2017, providing impetus for market performance during the year.

### Value Partners Hong Kong Limited

23 August 2017

1. Source: Bloomberg, CICC Research, Factset, MSCI. Data as of May 2017.

2. Source: Bloomberg, Deutsche Bank Research. Data as of May 2017.

*The views expressed are the views of Value Partners Hong Kong Limited only and are subject to change based on market and other conditions. The information provided does not constitute investment advice and it should not be relied on as such. All materials have been obtained from sources believed to be reliable, but their accuracy is not guaranteed. This material contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.*

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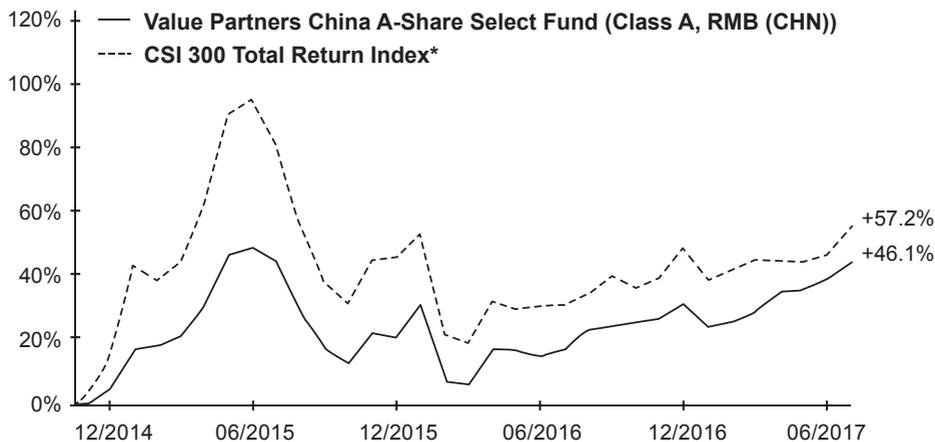
(A Hong Kong umbrella unit trust)

## MANAGER'S REPORT (CONTINUED)

Value Partners China A-Share Select Fund – NAV as at 30 June 2017

Classes	NAV per unit
Class A RMB (CNH)	CNH14.61
Class A USD Unhedged	USD13.39
Class A USD Hedged	USD13.29
Class A HKD Unhedged	HKD13.48
Class A HKD Hedged	HKD13.31
Class A GBP Unhedged	GBP15.15
Class A GBP Hedged	GBP13.08
Class A AUD Unhedged	AUD12.46
Class A AUD Hedged	AUD13.54
Class A CAD Hedged	CAD12.49
Class A EUR Unhedged	EUR12.74
Class A EUR Hedged	EUR13.10
Class A NZD Unhedged	NZD11.52
Class A NZD Hedged	NZD13.34

Since launch return compared to indices  
From 16 October 2014 to 30 June 2017



\*CSI 300 Total Return Index includes dividend reinvestment.

All performance figures are sourced from The Hong Kong and Shanghai Banking Corporation Limited and Bloomberg, (in RMB, NAV to NAV, with dividends reinvested) as at 30 June 2017. Performance data is net of all fees.

## VALUE PARTNERS CHINA A-SHARE SELECT FUND

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### STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2017

	30.06.2017 CNH	31.12.2016 CNH
<b>Assets</b>		
Deposits reserve	224,000	224,000
Financial assets at fair value through profit or loss	547,890,233	710,832,192
Amounts receivable from subscription of units	1,139,870	899,197
Dividends, interest and other receivables	618,329	804,260
Bank balances	119,302,763	49,049,363
	<hr/>	<hr/>
<b>Total assets</b>	669,175,195	761,809,012
	-----	-----
<b>Liabilities</b>		
Financial liabilities at fair value through profit or loss	3,302,522	7,340
Management fee payable	826,035	730,477
Performance fee payable	7,262,297	82,805
Trustee fees payable	88,110	100,786
Amounts payable on redemption of units	6,895,796	1,055,545
Accruals and other payables	974,825	806,428
	<hr/>	<hr/>
<b>Liabilities (excluding net assets attributable to unitholders)</b>	19,349,585	2,783,381
	-----	-----
<b>Net assets attributable to unitholders</b>	649,825,610	759,025,631
	<hr/> <hr/>	<hr/> <hr/>

# VALUE PARTNERS CHINA A-SHARE SELECT FUND

A Sub-Fund of Value Partners Fund Series  
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## STATEMENT OF FINANCIAL POSITION (UNAUDITED) (CONTINUED)

AS AT 30 JUNE 2017

	30.06.2017	31.12.2016
<b>Net asset value per unit</b>		
– Class A RMB (CNH) with 8,499,278 (31.12.2016: 8,989,806) units outstanding	CNH14.61	CNH12.54
– Class A USD Unhedged with 817,149 (31.12.2016: 1,019,971) units outstanding	USD13.39	USD11.13
– Class A USD Hedged with 2,851,885 (31.12.2016: 2,724,035) units outstanding	USD13.29	USD11.62
– Class A HKD Unhedged with 1,335,832 (31.12.2016: 1,759,231) units outstanding	HKD13.48	HKD11.15
– Class A HKD Hedged with 9,434,003 (31.12.2016: 10,250,331) units outstanding	HKD13.31	HKD11.67
– Class A GBP Unhedged with 4,949 (31.12.2016: 1,906) units outstanding	GBP15.15	GBP13.40
– Class A GBP Hedged with 28,409 (31.12.2016: 26,904) units outstanding	GBP13.08	GBP11.52
– Class A AUD Unhedged with 4,513 (31.12.2016: 7,105) units outstanding	AUD12.46	AUD10.93
– Class A AUD Hedged with 625,110 (31.12.2016: 559,364) units outstanding	AUD13.54	AUD11.79
– Class A CAD Hedged with 120,853 (31.12.2016: 108,684) units outstanding	CAD12.49	CAD10.92
– Class A EUR Unhedged with 397 (31.12.2016: 397) units outstanding	EUR12.74	EUR11.53
– Class A EUR Hedged with 57,720 (31.12.2016: 16,651) units outstanding	EUR13.10	EUR11.49
– Class A NZD Unhedged with 3,578 (31.12.2016: 11,542) units outstanding	NZD11.52	NZD9.96
– Class A NZD Hedged with 116,063 (31.12.2016: 89,740) units outstanding	NZD13.34	NZD11.60
– Class X RMB with Nil (31.12.2016: 12,236,224) units outstanding	-	CNH14.03

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### INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 30 JUNE 2017

	Holdings	Fair value CNH	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
<b>Listed Equity Securities</b>			
<b>China</b>			
Bank of Beijing Co Ltd A Shrs	960,600	8,808,702	1.36
Beijing Capital Development Co Ltd A Shrs	588,500	6,732,440	1.04
Beijing Shunxin Agriculture Co Ltd A Shrs	341,200	6,827,412	1.05
Beijing Yanjing Brewery Co Ltd A Shrs	3,179,409	21,365,628	3.29
China CYTS Tours Holding Co Ltd A Shrs	940,807	19,813,395	3.05
China Everbright Bank Co Ltd A Shrs	2,889,000	11,700,450	1.80
China Merchants Securities Co Ltd A Shrs	604,138	10,403,256	1.60
China Pacific Insurance Group Co Ltd A Shrs	545,050	18,460,844	2.84
China Petroleum & Chemical Corp A Shrs	3,829,100	22,706,563	3.49
China South Publishing & Media Group Co Ltd A Shrs	1,963,525	36,600,106	5.63
CITIC Securities Co Ltd A Shrs	1,399,300	23,816,086	3.67
Daqin Railway Co Ltd A Shrs	1,418,700	11,902,893	1.83
Emei Shan Tourism Co A Shrs	1,383,900	17,575,530	2.70
Gree Electric Appliances Inc of Zhuhai A Shrs	195,600	8,052,852	1.24
Guangshen Railway Co Ltd A Shrs	2,964,800	13,400,896	2.06
Huatai Securities Co Ltd A Shrs	2,181,200	39,043,480	6.01
Huaxia Bank Co Ltd A Shrs	1,394,880	12,860,794	1.98
Inner Mongolia Yili Industrial Group Co Ltd A Shrs	1,465,800	31,646,622	4.87
Jiangsu Changjiang Electronics Technology Co Ltd A Shrs	223,300	3,583,965	0.55
Jiangsu Hengrui Medicine Co Ltd A Shrs	347,544	17,582,251	2.71
Kweichow Moutai Co Ltd A Shrs	16,600	7,832,710	1.21
Luxshare Precision Industry Co Ltd A Shrs	785,072	22,955,505	3.53
Midea Group Co Ltd A Shrs	668,300	28,763,632	4.43
NARI Technology Co Ltd A Shrs	406,747	7,179,085	1.10
Ping An Insurance Group Co of China Ltd A Shrs	761,002	37,753,309	5.81
Poly Real Estate Group Co Ltd A Shrs	1,292,700	12,888,219	1.98
Shanghai Pudong Development Bank Co Ltd A Shrs	1,491,490	18,867,349	2.90
Tasly Pharmaceutical Group Co Ltd A Shrs	242,000	10,052,680	1.55
Tianjin ZhongXin Pharmaceutical Group Corp Ltd A Shrs	1,068,152	19,344,233	2.98
Wuhan Sante Cableways Group Co Ltd A Shrs	424,700	10,192,800	1.57
Wuliangye Yibin Co Ltd A Shrs	350,600	19,514,396	3.00
Yonghui Superstores Co Ltd A Shrs	1,312,500	9,292,500	1.43
		<b>547,520,583</b>	<b>84.26</b>
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**INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)**

AS AT 30 JUNE 2017

	Holdings	Fair value CNH	% of net assets
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)</b>			
Currency Forwards		369,650	0.06
		<u>                    </u>	<u>                    </u>
Total financial assets at fair value through profit or loss		547,890,233	84.32
		<u>                    </u>	<u>                    </u>
<b>FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS</b>			
Currency Forwards		(3,302,522)	(0.51)
		<u>                    </u>	<u>                    </u>
Total financial liabilities at fair value through profit or loss		(3,302,522)	(0.51)
		<u>                    </u>	<u>                    </u>
Total Investments, net		<u>544,587,711</u>	<u>83.81</u>
Total investments, at cost (inclusive of transaction cost)		<u>483,803,984</u>	

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### INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	% of net assets	
	30.06.2017	31.12.2016
<b>Listed equity securities</b>		
China	<u>84.26</u>	<u>92.10</u>
	84.26	92.10
<b>Quoted debt securities</b>	-	1.21
<b>Currency forwards</b>	<u>(0.45)</u>	<u>0.34</u>
<b>Total investments, net</b>	<u><u>83.81</u></u>	<u><u>93.65</u></u>