Value Partners Classic Fund

NAV per unit : A Units - USD318.85 | B Units - USD143.15 | C Units - USD18.04
Fund size : USD1,530.3 million

★★★★
Morningstar Rating[TM1]
As at 30-06-2017

Value Partners
Investing through discipline

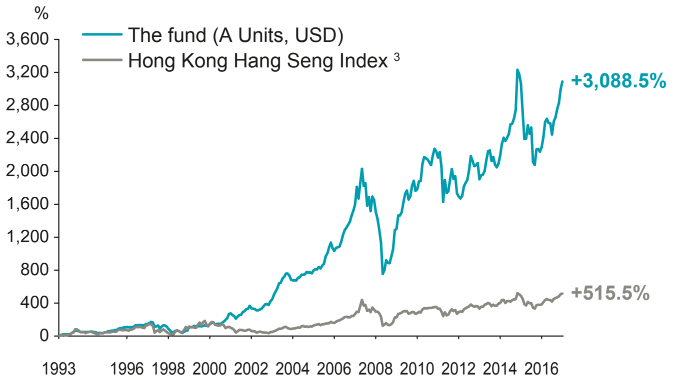
30 June 2017

- Value Partners Classic Fund (The "Fund") primarily invests in markets of the Asia-Pacific region, with a Greater China focus.
- The Fund invests in China-related companies and emerging markets which involve certain risks not typically associated with investment in more developed markets, such as greater political, tax, economic, foreign exchange, liquidity and regulatory risks.
- The Fund is also subject to concentration risk due to its concentration in Asia-Pacific region, particularly China-related companies. The value of the Fund can be extremely volatile and could go down substantially within a short period of time. It is possible that the entire value of your investment could be lost.
- The Fund may also invest in derivatives which can involve material risks, e.g. counterparty default risk, insolvency or liquidity risk, and may expose the Fund to significant losses.
- You should not make investment decision on the basis of this material alone. Please read the explanatory memorandum for details and risk factors.

Investment objective

The fund aims to achieve consistent superior return and uses a bottom-up approach to invest in value stocks in the Asia Pacific region, particularly those in Greater China region, which the Manager believes are being traded at deep discounts to their intrinsic value.

Performance since launch [2]



NAVs & codes

Classes [4]	NAV	ISIN	Bloomberg
A Units USD	318.85	HK0000264868	VLPARAI HK
B Units USD	143.15	HK0000264876	VLPARBI HK
C Units USD	18.04	HK0000264884	VLPARCI HK
C Units HKD [5]	140.8085	HK0000264884	VLPARCI HK
C Units RMB	12.02	HK0000264926	VLCHCRM HK
C Units AUD Hedged	14.83	HK0000264892	VLCHAUD HK
C Units CAD Hedged	14.35	HK0000264900	VLCHCAD HK
C Units HKD Hedged	12.16	HK0000264934	VLCHCHH HK
C Units NZD Hedged	14.80	HK0000264918	VLCHNZD HK
C Units RMB Hedged	12.13	HK0000264942	VLCHCRH HK

Performance update [2]

	A Units USD	B Units USD	C Units USD	Hang Seng Index [3]
One month	+3.0%	+3.0%	+2.9%	+1.2%
Year-to-date	+25.3%	+24.9%	+24.8%	+18.7%
One year	+33.3%	+32.6%	+32.5%	+27.0%
Three years	+39.2%	+37.1%	+37.5%	+23.0%
Five years	+77.9%	+73.5%	+74.1%	+57.5%
Since launch	+3,088.5%	+1,331.5%	+80.4%	+515.5%
Annualized return ^	+15.3%	+13.4%	+7.9%	+7.8%
Annualized volatility ^	21.8%	22.6%	19.9%	26.2%

Annual performance from 2009 to 2017 [2]

	A Units USD	B Units USD	C Units USD
2009	+82.9%	+82.0%	+7.7% [6]
2010	+20.2%	+19.6%	+21.2%
2011	-17.2%	-17.6%	-17.6%
2012	+14.0%	+13.4%	+13.4%
2013	+11.2%	+10.6%	+10.8%
2014	+13.5%	+13.0%	+13.3%
2015	-1.5%	-2.0%	-2.0%
2016	-3.2%	-3.7%	-3.7%
2017 (YTD)	+25.3%	+24.9%	+24.8%

The fund – A Units USD: Monthly performance from 1 Jan 2009 to 30 Jun 2017 [2]

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2009	-3.2%	-0.2%	+8.2%	+8.2%	+20.1%	+1.3%	+11.5%	+0.1%	+2.5%	+7.5%	+5.9%	+2.2%	+82.9%
2010	-5.8%	+2.2%	+7.1%	+3.1%	-6.1%	+1.1%	+5.0%	+0.2%	+10.5%	+3.8%	-0.7%	-0.7%	+20.2%
2011	-1.5%	-1.6%	+5.4%	+3.5%	-1.3%	-3.2%	+2.8%	-7.5%	-19.8%	+15.3%	-7.8%	+1.0%	-17.2%
2012	+7.8%	+6.3%	-5.7%	+1.6%	-10.2%	-2.1%	-1.3%	+1.7%	+6.4%	+2.3%	+1.9%	+5.9%	+14.0%
2013	+7.9%	-2.5%	-2.9%	+0.6%	+1.2%	-9.0%	+2.3%	+0.5%	+2.2%	+6.2%	+4.8%	+0.4%	+11.2%
2014	-5.5%	+2.3%	-4.0%	-1.6%	+2.0%	+4.6%	+6.2%	+3.0%	-1.5%	+1.6%	+1.9%	+4.6%	+13.5%
2015	+0.3%	+2.4%	+3.7%	+17.1%	-1.5%	-3.5%	-11.0%	-11.6%	+0.2%	+6.5%	-3.8%	+2.9%	-1.5%
2016	-15.9%	-1.5%	+8.7%	+0.2%	-1.4%	+2.4%	+5.0%	+7.4%	+1.4%	-1.8%	-0.2%	-5.0%	-3.2%
2017 (YTD)	+6.1%	+1.9%	+3.7%	+2.6%	+5.7%	+3.0%							+25.3%

^ *Annualized return and volatility are calculated from inception. Volatility is a measure of the theoretical risk in terms of standard deviation; in general, the lower the number, the less risky the investment, and vice versa.*

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Top 10 securities holdings

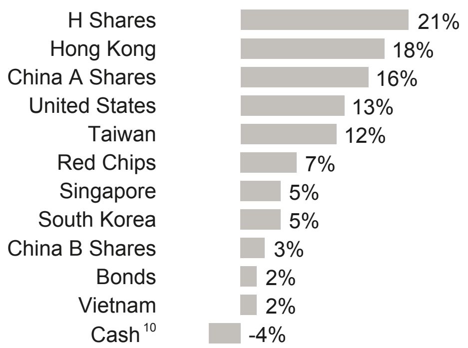
Name	Industry [7]	% [9]
Alibaba Group Holding Ltd	Software & services	9.1
SIIC Environment Holdings Ltd	Utilities	5.5
Techtronic Industries Co Ltd	Consumer durables & apparel	4.7
Kweichow Moutai Co Ltd	Food, beverage & tobacco	4.4
Taiwan Semiconductor Manufacturing Co Ltd	Semiconductors & semiconductor equipment	4.3
Gree Electric Appliances Inc of Zhuhai	Consumer durables & apparel	3.5
Logan Property Holdings Co Ltd	Real estate	3.1
Man Wah Holdings Ltd	Consumer durables & apparel	3.1
PetroChina Co Ltd	Energy	3.1
Samsung Electronics Co Ltd	Technology, hardware & equipment	3.1

These stocks constitute 44% [9] of the fund.

Portfolio characteristics

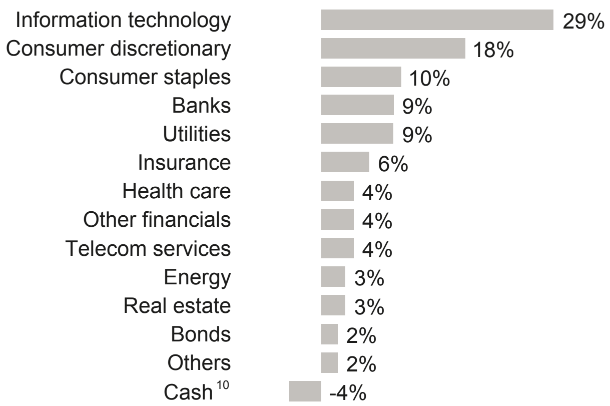
As at 30 Jun 2017	2017 [8]
Price/earnings ratio	12.2 times
Price/book ratio	1.6 times
Dividend yield	3.0%

Geographical exposure by listing [9]



Short exposure includes: H Shares, -1.5%.

Sector exposure [7, 9]



Total short exposure is -1.5%.
Short exposure includes: Consumer discretionary, -1.5%.

Fund facts

Manager:	Value Partners Hong Kong Limited
Base currency:	USD
Trustee:	HSBC Institutional Trust Services (Asia) Limited
Custodian:	HSBC Institutional Trust Services (Asia) Limited
Launch date:	A Units USD - 1 Apr 1993 B Units USD - 15 May 1996 C Units USD - 15 Oct 2009 C Units AUD/CAD/NZD Hedged - 17 Mar 2014 C Units RMB Hedged - 28 Oct 2015 C Units HKD Hedged - 30 Nov 2015 C Units RMB - 1 Dec 2015

A, B and C units are invested in the same fund, A and B units were no longer issued from 12 Apr 2002 and 15 Oct 2009 respectively. Only C units are currently available. Unit price is published daily in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.

Fee structure

	A Units	B Units	C Units
Minimum subscription	Closed	Closed	USD10,000 or equivalent
Minimum subsequent subscription	Nil	Nil	USD5,000 or equivalent
Subscription fee	Closed	Closed	up to 5%
Management fee	0.75% p.a.	1.25% p.a.	1.25% p.a.
Performance fee [11]	15% of profit (High-on-high principle)		
Redemption fee	Nil		
Dealing day	Daily redemption	Daily redemption	Daily dealing

Senior investment staff

Chairman & Co-Chief Investment Officer: Cheah Cheng Hye
Deputy Chairman & Co-Chief Investment Officer: Louis So
Deputy Chief Investment Officer: Renee Hung
Senior Investment Director: Norman Ho, CFA
Investment Directors: Gordon Ip, CFA; Kenny Tjan, CFA; Michelle Yu, CFA; Yu Xiao Bo
Senior Fund Managers: Kelly Chung, CFA; Doris Ho; Glenda Hsia; Philip Li, CFA; Kai Mak

Recent fund awards

Top Fund Awards 2015 (Hong Kong) [12]
Greater China Equity – Outstanding Performer
~ Bloomberg Businessweek, Chinese edition

Best Greater China fund over US$500 million [13]
~ HFM Awards 2015

1. © 2017 Morningstar, Inc. All Rights Reserved (for A Units). **2.** Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, data as of 30 Jun 2017, in USD, NAV to NAV, with dividends reinvested. Performance data is net of all fees. **3.** Index refers to Hang Seng Price Return Index up to 31 Dec 2004, thereafter it is the Hang Seng Total Return Index. Hang Seng Total Return Index includes dividend reinvestment whereas Hang Seng Price Return Index does not take into account reinvestment of dividends. The Index is for reference only. **4.** The fund may invest in financial derivative instruments ("FDI") for hedging purposes. In adverse situations, the fund's use of FDI may become ineffective in hedging and the fund may suffer significant losses. Each hedged share class will hedge the fund's base currency back to its currency of denomination on a best efforts basis. However, the volatility of the hedged classes measured in the fund's base currency may be higher than that of the equivalent class denominated in the fund's base currency. Risks associated with FDI include counterparty risk, credit risk and liquidity risk. Such exposure may lead to a high risk of capital loss. The AUD/CAD/NZD/RMB Hedged Classes are not recommended for investors whose base currency of investment is not in the aforesaid currencies. **5.** Investors should note that the base currency of "C" Units is in USD. The HKD is for reference only and should not be used for subscription or redemption purpose. Conversion to the base currency of "C" Units will normally take place at the prevailing rate (as determined by the Fund's Trustee or Custodian) on the corresponding fund dealing day. Investor should be aware of possible risks resulting from fluctuations of exchange rates against USD. **6.** Calculated based on the since inception return of C Untis. **7.** Classification is based on Global Industry Classification Standard (GICS). **8.** The profile is based on market consensus forecast as derived from S&P Capital IQ and Bloomberg. Harmonic mean methodology is applied to calculate the forecast P/E ratio and P/B ratio. Note that the manager's internal estimates may differ significantly from S&P Capital IQ and Bloomberg estimates. **9.** Exposure refers to net exposure (long exposure minus short exposure). Exposure of equity swaps is measured by the value of the underlying stock holdings. (Due to rounding, percentages shown may not add up to 100%). **10.** Cash refers to net cash on hand excluding cash for collaterals and margins. **11.** Performance fee will only be charged if the NAV at the end of the financial year or upon realization of units exceeds the "high watermark", which is the all-time year-end high of the fund's NAV. If in any one year, the fund suffers a loss, no performance fee can be charged in subsequent years until the loss is recovered fully (the high-on-high principle). **12.** Based on data provided by Morningstar Asia and Bloomberg Professional Services up to 30 Sep 2015. **13.** Based on performance data over the past 12 months as of 30 Apr 2015, among peer funds under Best Greater China fund over US$500 million category.

For Singapore investors: The Fund is registered as a restricted foreign scheme in Singapore and will only be distributed to (i) institutional investors and (ii) accredited investors and certain other persons in Singapore in accordance with section 304 and 305 of the Securities and Futures Act. Value Partners Asset Management Singapore Pte Ltd, Singapore Company Registration No. 200808225G

For Swiss Qualified Investors: The sales prospectus, the Articles of Association, the Key Investor Information Document as well as the annual and semi-annual reports of the Fund are available free of charge from the Representative. Both the place of performance and the place of jurisdiction for units/shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative.

Swiss Representative and Paying Agent: BNP PARIBAS SECURITIES SERVICES, Paris, succursale de Zurich, Selnaustrasse 16, 8002 Zurich.

Investors should note 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 explanatory memorandum for details and risk factors in particular those associated with investment in emerging markets. Information in this report has been obtained from sources believed to be reliable but Value Partners Hong Kong Limited does not guarantee the accuracy or completeness of the information provided by third parties. Investors should seek advice from a financial adviser before making any investment. In the event that you choose not to do so, you should consider whether the investment selected is suitable for you. This report has not been reviewed by the SFC. Issuer: Value Partners Hong Kong Limited.

Value Partners
Investing through discipline

Value Partners Classic Fund
Commentary / Second Quarter 2017

- **Value Partners Classic Fund (The "Fund") primarily invests in markets of the Asia-Pacific region, with a Greater China focus.**
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China buoyed by signs of stabilising growth

Hong Kong and China (H shares) markets extended their solid performance in the second quarter underpinned by strong corporate earnings results and robust macro data. During the period, the MSCI China Index was up 10.6%; year-to-date, it has returned 24.9%, which is the best first-six-month performance since 2009.

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 and southbound flow 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[1]. Meanwhile, with recovering profitability and margin expansion, consensus earnings-per-share (EPS) growth of the MSCI China Index[2] is estimated to reach 15% for the whole year of 2017, providing impetus for market performance during the year.

From the perspective of capital flow, southbound investment's share in the daily turnover of Hong Kong's stockmarket has been increasing steadily since the fourth quarter last year. Now southbound turnover has exceeded 10% of the average daily turnover in Hong Kong. With increasing demand for overseas asset allocation from China's insurance companies, social security funds and mutual funds, southbound capitals are expected to play a larger role in Hong Kong's stockmarket going forward. Over the long haul, this will not only benefit H-share investors as China continues to open up its capital market, but the heightened liquidity will also reinforce Hong Kong's position as an Asian financial centre.

Portfolio strategy review

Value Partners Classic Fund ("the Fund") rose 11.7% in the second quarter while year-to-date, the Fund gained 25.3%, outperforming the Hang Seng Index which edged up 8% and 18.7% respectively over the corresponding period. The Fund ranked in the first quartile among its peers over one-, three-, five-, ten-year and since-inception periods [3], which serves as a testament to the outperformance of value investing in the long run.

During the quarter, our portfolio remained fully invested and our key holdings in technology and real estate led portfolio performance. Within the technology sector, our core holdings in the largest Chinese social network company further beat market estimates in its first-quarter 2017 earnings results. Its share price gapped up post earnings announcement in May driven by better-than-expected revenue growth, which was up 67% year-on-year. We have taken profit on the majority of our holdings in this company after its share price surged over 200% during the holding period. In the property space, which continued to see tightening measures, the share price of our core holdings in a Shenzhen-based leading developer performed strongly, as supported by its solid sales (up 41% year-on-year in 2016) and land bank quality. In our A-share market exposure, our holding in a leading Chinese white liquor company was also a key performance contributor. The share price of the company was boosted by private consumption recovery, restocking cycle as well as expectation on price appreciation of its high end products. During the quarter, we have increased the weighting in financials given improvements in fundamentals within selective insurers and banks, which have also contributed positively to the portfolio.

On the flip side, our holdings in the energy and utilities sectors were major detractors in the second quarter. As oil prices retreated during the quarter, our energy holding dragged performance amid concerns on its earnings recovery. Within the utilities sector, our holdings in the renewable energy space also detracted as wind volume growth and utilization slowed on a year-on-year basis, mainly due to weaker power generation in the Southern provinces. We maintain our exposures as their valuations are attractive and renewable energy companies are expected to be supported by government policies, which is in line with China's commitment to the Paris Accord on climate change.

Outlook

Looking forward to the second half of the year, we remain constructive in Chinese equities despite the strong market performance in the first half and the possibility that economic data may soften after rounds of solid growth data since the start of the year. With that said, bottom-up stock selection is crucial to identify value companies with sustainable earnings. Among various sectors, we favour companies that will benefit from the consumption upgrade momentum in China, such as consumer discretionary and technology leaders. In light of the global growth recovery, we also favour quality exporters which exhibit solid market shares and margin expansion. Although the 12-month forward price-to-earnings (P/E) ratio of the MSCI China Index has normalized to 13.2 times (above 10-year average of 12.1 times), it is still trading at an attractive level relative to most emerging and developed markets.

In an environment of growth moderation, we believe a bottom-up approach to stock selection and our strict adherence to time-tested value-investing principles will be the key to spot quality companies. As always, we will reinvest our profits back into our infrastructure and uncover value opportunities for our investors.

Value Partners Investment Team
14 July 2017

1. *Source: Bloomberg, CICC Research, Factset, MSCI. Data as of May 2017.*
2. *Source: Bloomberg, Deutsche Bank Research. Data as of May 2017.*
3. *Based on performance data as of 30 June 2017, among peer funds under Greater China Equity Morningstar Category*

Fund performance mentioned referred to Value Partners Classic Fund "A" Unit. All performance figures are sourced from HSBC Institutional Trust Services (Asia) Limited and Bloomberg (Data computed in US$ terms on NAV-to-NAV basis with dividends reinvested) as at 30 June 2017. Performance data is net of all fees.

Individual stock performance is not indicative of fund performance.

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.

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 explanatory memorandum for details and risk factors in particular those associated with investment in emerging markets. This commentary has not been reviewed by the Securities and Futures Commission. Issuer: Value Partners Hong Kong Limited.

Value Partners
Investing through discipline

Value Partners Classic Fund: 10 biggest holdings of securities as at 30 June 2017

Stock	Industry	Valuation (2017 Estimates)	Remarks
Alibaba Group (Code: BABA US) Market cap: US$360.9 billion	Internet	Price: USD140.90 P/E: 34.0x P/B: 7.2x Yield: 0%	Alibaba, founded by Jack Ma in 1999 in China, is one of the world's largest e-commerce company. Alibab's online marketplace - "Taobao" - contributes the vast majority of the company's revenue and is likely to continue delivering solid growth in view of its monopoly position and the trend of merchants shifting marketing budgets online from offline. Meanwhile, the company's cloud computing company ("AliCloud") and fintech business ("Ant Financial") are underpinning future growth potential. Ant Financial, 33% owned by Alibaba, is a critical component to Alibaba's fintech blockchain. Looking forward, re-rating of Alibaba's stock is possible with 1) improved disclosure on solid operational matrix; 2) solid quarterly earnings which could ease concerns on macro slowdown; 3) spin-off of high value assets (e.g. AliCloud and Ant Financial) to unlock hidden values.
Gree Electric Appliances (Code: 000651 CH) Market cap: US$36.6 billion	Air conditioner manufacturer	Price: CNY41.17 P/E: 13.8x P/B: 4.0x Yield: 4.8%	Gree Electric Appliances is a top leader of air conditioning brand in China with its own manufacturing facilities, research and development centres and large-scale sales distribution network. The company's strong and innovative research and development capabilities enable it to launch new products which are well received by the market, helping it to maintain its leading market position. In the foreseeable future, we believe the company is well-positioned to remain a strong leader in the industry.
Kweichow Moutai (Code: 600519 CH) Market cap: US$87.6 billion	White spirit manufacturer	Price: CNY471.85 P/E: 29.0x P/B: 6.9x Yield: 1.7%	Kweichow Moutai ("Moutai") is China's largest liquor manufacturer in terms of market value. With its premium brand positioning and effective channel management, Moutai has successfully expanded its market share in private consumption in the past two years after huge decline in official consumption. Moutai is now trading at a significant valuation discount to its global liquor peers as its strong brand franchise is under-appreciated by local investors in the A-share market.
Logan Property (Code: 3380 HK) Market cap: US$3.6 billion	Real estate	Price: HKD5.15 P/E: 6.0x P/B: 1.1x Yield: 5.8%	Logan Property, founded in 1996, is a medium-sized developer in China with leading position in Shantou, Huizhou and Nanning. It also has a geographical focus in the Pearl River Delta. The company mainly engages in residential property development, with a focus on low-mid mass markets. It has a low-cost and sizeable land bank of over 11 million square meters. Logan has adopted a prudent approach to financial and cost management.

Stock	**Industry**	**Valuation (2017 Estimates)**	**Remarks**
Man Wah Holdings (Code: 1999 HK) Market cap: US$3.4 billion	Furniture manufacturer	Price: HKD7.01 P/E: 13.9x P/B: 4.7x Yield: 4.6%	Man Wah is a flagship enterprise in the Chinese furniture industry. It engages in the research, development, production, sales and related services of sofa products, mattresses, panel furniture and furniture accessories. The company has over 200 self-developed products that are patented. It sells sofa products to retailers and distributors in North America, Europe, China and other overseas markets. The company also sells sofas and ancillary products directly to consumers through internet platforms. China sales are an increasingly important segment to Man Wah's overall sales, and orders from the China market have remained robust. With improved efficiency, growing margins and declining expenses, we expect the company to achieve higher revenue growth in future.
PetroChina (Code: 857 HK) Market cap: US$197.0 billion	Energy	Price: HKD4.78 P/E: 21.0x P/B: 0.6x Yield: 2.0%	PetroChina is the largest oil and gas producer and distributor playing a dominant role in the oil and gas industry in China. It engages in a wide range of activities related to oil and natural gas, including exploration, development, production and marketing. As China is expected to achieve moderate and stable economic growth, oil and gas demand in China is likely to continue its current upward trajectory. With the oil price hovering at a relatively low level, the company will also benefit as oil recovers.
Samsung Electronics (Code: 005930 KS) Market cap: US$271.6 billion	Electronics manufacturer	Price: KRW2,377,000.00 P/E: 8.5x P/B: 1.6x Yield: 1.5%	Samsung Electronics is a global leading producer of semiconductors, display panels, handsets, monitors, and TVs. Company earnings will continue to be driven by the steady growth in semiconductor demand alongside that for big-data servers. Its continuous investment in research and development to maintain its market leadership position will help it compete amid ongoing changes in the industry.
SIIC Environment (Code: SIIC SP) Market cap: US$1.0 billion	Wastewater treatment	Price: SGD0.52 P/E: 12.0x P/B: 0.9x Yield: 0.6%	SIIC Environment ("SIIC") is a Singapore-listed company, which conducts operations in wastewater treatment, water purification treatment and system automation in China. Being a state-owned enterprise, SIIC enjoys strong support from banks and local governments, signifying it has the potential to become one of the leading water companies in China. In 2015, it completed an acquisition of a group of water treatment companies, which helped enhance its water treatment capacity and extend its geographical presence in China. The company's financial leverage is lower than most of its local peers, enabling it to do more mergers and acquisitions as well as greenfield projects in the future. As the Chinese government is increasingly paying attention to water quality and environment protection, the company is set to benefit from further environmental protection policies.

Stock	Industry	Valuation (2017 Estimates)	Remarks
Taiwan Semiconductor Manufacturing (Code: 2330 TT) Market cap: US$178.0 billion	Semiconductors and semiconductor equipment	Price: TWD208.50 P/E: 15.5x P/B: 3.5x Yield: 3.5%	Taiwan Semiconductor Manufacturing is a world-class independent semiconductor foundry. It provides integrated circuit ("IC") design houses with integrated services for process design, wafer manufacturing and testing. As a global leader with more than 50% share of the outsourcing market, the company has consistently outperformed competitors in terms of technology and profitability. We think the company is well-positioned to continue to benefit from the growing IC manufacturing outsourcing market and the rising demand for the internet of things trend, AI chips and new application areas.
Techtronic Industries (Code: 669 HK) Market cap: US$8.4 billion	Home-improvement products	Price: HKD35.90 P/E: 17.5x P/B: 3.1x Yield: 1.7%	Techtronic Industries ("TTI") is a global leader in designing, manufacturing and selling home-improvement products, including power tools, outdoor power equipment and floor-care appliances. TTI benefits from strong US housing market and Home Depot sales, its innovative cordless and smart power tool products helped market share gain as well as margins expansion. Floor-care business turning around shall continuously underpin the earnings growth sustainability.

Note: The above investments made up 43.9% of Value Partners Classic Fund as at 30 June 2017. The stock prices are based on the closing of 30 June 2017.

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