

# VALUE PARTNERS HIGH-DIVIDEND STOCKS FUND

JULY 2010  
2 PAGES

- Please pay particular attention to the risk of investment in China and other markets in the Asian region and in companies with medium or small capitalization. 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.
- You should not invest unless the intermediary who sells it to you has advised you that the product is suitable for you and explained how it is consistent with your investment objectives.

## Fund facts

### Investment objective

To provide capital appreciation and regular income to unitholders by investing in relatively higher yielding debt and equity securities in Asian region.

Manager: Value Partners Limited  
(CE Ref: ABN759)

Base currency: US\$

Legal domicile: Cayman Islands

Trustee: Bank of Bermuda (Cayman) Limited

Custodian: HSBC Institutional Trust Services (Asia) Limited

Legal adviser: Philip Nicholls Solicitor

Auditor: PricewaterhouseCoopers

Launch date: 2 September 2002

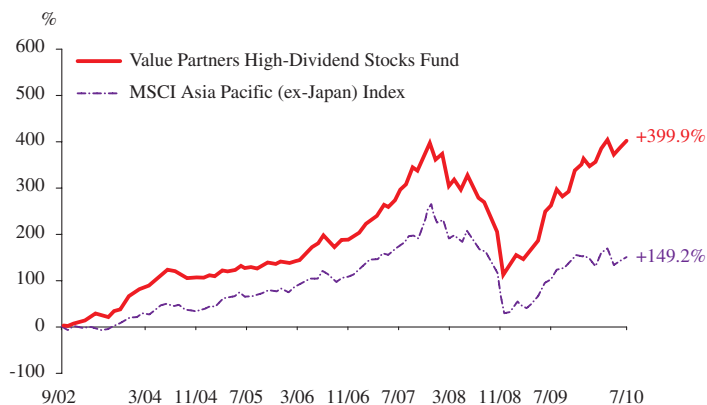
Bloomberg code: VALASHY KY

ISIN code: KYG931731056

Total assets under management by Value Partners Group: US\$5.7 billion (as at 30 June 2010)

Fund size: US\$289.79 million  
NAV per unit: US\$49.99

## Performance since launch<sup>#</sup>



## Performance update<sup>#</sup>

|                       | Value Partners High-Dividend Stocks Fund | MSCI Asia Pacific (ex-Japan) Index |
|-----------------------|--|------------------------------------|
| One month             | +2.4%                                    | +3.0%                              |
| Year-to-date          | +10.0%                                   | -0.7%                              |
| One year              | +27.8%                                   | +14.6%                             |
| Three years           | +13.7%                                   | -14.6%                             |
| Five years            | +112.6%                                  | +41.6%                             |
| Since launch          | +399.9%                                  | +149.2%                            |
| Annualized return     | +22.5%                                   | +12.2%                             |
| Annualized volatility | 21.1%                                    | 24.8%                              |

Annualized return and volatility are calculated from inception on 2 September 2002. 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.

## Annual return since launch<sup>#</sup>

|                     |        |                     |        |
|---------------------|--------|---------------------|--------|
| 2002 (Since launch) | +10.5% | 2007                | +44.2% |
| 2003                | +79.7% | 2008                | -46.8% |
| 2004                | +8.9%  | 2009                | +82.8% |
| 2005                | +11.0% | 2010 (Year-to-date) | +10.0% |
| 2006                | +35.0% |                     |        |

## Monthly performance from year 2004 to 2010<sup>#</sup>

| Year | Jan    | Feb   | Mar   | Apr   | May    | Jun   | Jul   | Aug   | Sep    | Oct    | Nov   | Dec    | Annual |
|------|--------|-------|-------|-------|--------|-------|-------|-------|--------|--------|-------|--------|--------|
| 2004 | +5.0%  | +5.0% | -0.5% | -2.5% | -4.2%  | -1.3% | +1.2% | -0.3% | +2.5%  | -0.6%  | +5.2% | -0.5%  | +8.9%  |
| 2005 | +1.4%  | +3.8% | -2.0% | +0.5% | -0.6%  | +3.0% | +2.4% | -1.1% | +1.7%  | -1.0%  | +1.6% | +0.9%  | +11.0% |
| 2006 | +4.0%  | +6.7% | +3.6% | +6.3% | -5.2%  | -3.3% | +5.1% | +0.6% | +2.4%  | +3.3%  | +5.4% | +2.3%  | +35.0% |
| 2007 | +3.8%  | +7.1% | -1.5% | +4.1% | +6.6%  | +3.0% | +8.4% | -1.3% | +5.0%  | +8.6%  | -7.9% | +2.5%  | +44.2% |
| 2008 | -14.3% | +3.3% | -5.6% | +8.3% | -3.6%  | -8.1% | -3.4% | -8.4% | -10.5% | -29.4% | +6.6% | +11.3% | -46.8% |
| 2009 | -3.0%  | +1.2% | +7.5% | +8.9% | +18.9% | +5.4% | +9.2% | -3.8% | +3.3%  | +10.2% | +3.9% | +2.1%  | +82.8% |
| 2010 | -1.6%  | +0.2% | +7.0% | +5.1% | -6.4%  | +3.5% | +2.4% |       |        |        |       |        | +10.0% |

Unless specified, all information contained on this report is quoted as at 26 July 2010.

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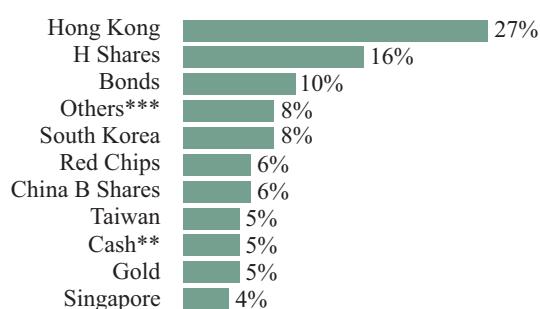
<sup>#</sup>Source: HSBC Institutional Trust Services (Asia) Limited and Bloomberg, in USD, NAV to NAV. Performance data is net of all fees.

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 Limited does not guarantee the accuracy or completeness of the information provided by third parties. This report has not been reviewed by the Securities and Futures Commission. Issuer: Value Partners Limited.

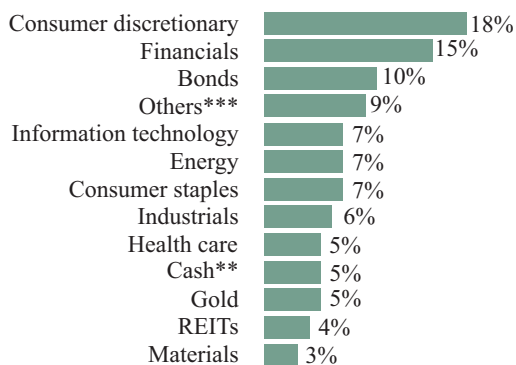
**Top 10 security holdings**

| Name                        | Industry <sup>^</sup>                          | %   |
|-----------------------------|--|-----|
| China Construction Bank     | Banks  | 4.5 |
| Chow Sang Sang              | Retailing                                      | 3.8 |
| China Vanke                 | Real estate                                    | 3.5 |
| CNOOC                       | Energy   | 3.3 |
| Luk Fook Holdings           | Retailing                                      | 2.3 |
| Link REIT                   | REITs  | 2.3 |
| Yantai Changyu Pioneer Wine | Food, beverage & tobacco                       | 2.3 |
| CJ O Shopping               | Retailing                                      | 2.2 |
| United Laboratories         | Pharmaceuticals, biotechnology & life sciences | 2.2 |
| Great Wall Motor            | Automobiles & components                       | 2.1 |

These stocks constitute 29% of the fund.

**Geographical exposure by listing\***

Short exposure includes: Hong Kong, -1.0%; H Shares, -2.8% and Red Chips, -1.3%.

**Sector exposure\*<sup>^</sup>**

Total short exposure is -5.1%.

Short exposure includes: Materials, -2.8%; Financials, -1.5% and Consumer discretionary, -0.9%.

\* Exposure refers to net exposure (long exposure minus short exposure).

\*\* Cash refers to net cash on hand excluding cash for collateral and margin.

\*\*\* Others include 5.7% cash for collateral and margin.

**Portfolio characteristics**

| As at 26 July 2010   | 2010 <sup>A</sup> |
|----------------------|-------------------|
| Price/earnings ratio | 13.4 times        |
| Price/book ratio     | 2.6 times         |
| Dividend yield       | 3.7%              |

<sup>A</sup> The above profile is based on market consensus forecast as derived from I/B/E/S and Bloomberg. Note that the manager's internal estimates may differ significantly from I/B/E/S and Bloomberg estimates.

<sup>^</sup> Classification is based on Global Industry Classification Standard (GICS).

**Fee structure**

|                               |   |
|-------------------------------|---|
| Minimum subscription          | US\$10,000                                |
| Subscription fee              | Up to 5%                                  |
| Management fee                | 1.25% p.a.                                |
| Performance fee**             | 15% of profit<br>(High-on-high principle) |
| Redemption fee                | Nil                                       |
| Dealing day                   | Every Monday                              |
| Notice period for redemptions | 7 days                                    |

\*\*Performance fee will only be charged if the NAV at the end of the financial year 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).

Unit price is published daily in the South China Morning Post, the Hong Kong Economic Journal and the Hong Kong Economic Times.

**A selection of awards & ratings****Corporate awards**

2010 - Asia Hedge Fund 25

Value Partners was ranked No. 1 in 2010 Asia Hedge Fund 25

~ Institutional Investor, July 2010

2010 - Hedge Fund 100

Value Partners was ranked as Asia's largest hedge fund manager, and 79th worldwide

~ Institutional Investor, May 2010

Best Overall Fund Management Firm - Asia

Value Partners was recognized as one of the top three fund management companies

~ Thomson Reuters Extel Asia Pacific Survey 2009

Leading Buyside Individual - Asia

Mr. Eric Chow, Value Partners fund manager, was ranked

No. 1 out of 25 individuals named

~ Thomson Reuters Extel Asia Pacific Survey 2009

The 3rd consecutive year to be ranked as the 2nd Largest Hedge Fund Manager in Asia

~ Alpha Magazine, Jul/Aug 2009 edition

Mr. Cheah Cheng Hye, Chairman and CIO of Value Partners, was recognized as one of The 25 Most Influential people in Asset Management in Asia

~ AsianInvestor, May 2009

2007 Achievement Awards - Capital Markets Person of the Year:

Mr. Cheah Cheng Hye, Value Partners

~ FinanceAsia

Best of the Best Country Awards 2006

Hong Kong - Most Improved Institutional Fund House

~ Asia Asset Management Journal

**Value Partners High-Dividend Stocks Fund**

Lipper Fund Awards 2010

Equity Asia Pacific (Ex Japan) 3 Years Category

based on the three-year returns ended 31 December 2009

~ Lipper Asia

Fund of the Year - Asia Excluding Japan

~ The AsiaHedge Awards 2007

<sup>+</sup> Value Partners High-Dividend Stocks Fund is not authorized as a hedge fund by the Securities and Futures Commission (SFC) in Hong Kong according to the Code on Unit Trusts and Mutual Funds. SFC authorization does not imply official recommendation.

**Value Partners Investment Team**

Chairman & Co-Chief Investment Officer: Cheah Cheng Hye

Co-Chief Investment Officer: Louis So Chun Ki, MCom

Deputy Chief Investment Officer: Renee Hung Yeuk Yan, BSc

Investment Director: Norman Ho Man Kei, CFA

Senior Fund Managers: Eric Chow Yik Cheung; Fawaz Habel;

Ada Lau Hiu Yee, CFA; Lee Ho Tak, CFA; Alan Wang, CFA