

VALUE PARTNERS TAIWAN FUND

2023

SEMI-ANNUAL
REPORT

For the six months ended
31 December 2023



Value Partners Hong Kong Limited

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VALUE PARTNERS TAIWAN FUND

(A Cayman Islands Unit Trust)

GENERAL INFORMATION

Manager

Value Partners Hong Kong Limited
43rd Floor, The Center
99 Queen's Road Central
Hong Kong

Directors of the Manager

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

Trustee, Registrar and Administrator

HSBC Trustee (Cayman) Limited

Principal address:

Strathvale House
Ground Floor, 90 North Church Street
George Town
Grand Cayman
Cayman Islands

Registered address:

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Custodian and Registrar's Agent

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

Legal Advisors

With respect to Cayman Islands law
Maples and Calder (Hong Kong) LLP
26th Floor, Central Plaza
18 Harbour Road
Wanchai
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
Deacons
5th Floor, Alexandra House
18 Chater Road Central
Hong Kong

Auditor

PricewaterhouseCoopers
P.O. Box 258
18 Forum Lane
Camana Bay
Grand Cayman
KY1-1104
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Hong Kong

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Website : www.valuepartners-group.com

GENERAL INFORMATION (Continued)

Recent awards and achievements

Corporate awards	
2023	<ul style="list-style-type: none"> • The Lifetime Achievement Award Winner: Dato' Seri Cheah Cheng Hye – <i>Asia Asset Management</i> • ESG Leading Enterprise Awards of the Year 2022/2023 Outstanding performance in Environmental, Social, and Governance (“ESG”) initiatives – <i>Master-Insight</i> • Best Exchange Traded Fund (ETF) Issuer 2022 Winner: Value Partners Malaysia – <i>Bursa Malaysia Award</i> • Most Promising Overseas Investment Institution award – <i>Insurance Asset Management Association of China</i> • ESG Elite Award (Distinction) ESG Achievement Awards 2022/2023 Winner: Frank Tsui – <i>Institute of ESG & Benchmark and supported by Hang Seng Indexes Company Limited</i>
2022	<ul style="list-style-type: none"> • Asian Private Banker Asset Management Awards for Excellence 2022 Best Fund Provider – Multi-Asset Solution – <i>Asian Private Banker</i> • 2022 China Rankings Top 25 Foreign Firms in China Value Partners is ranked in the 16th – <i>Z-Ben Advisor</i> • AsianInvestor Asset Management Awards 2022 Asset Class Awards: Asia ex-Japan equity – <i>Asianinvestor</i>
2021	<ul style="list-style-type: none"> • Asian Private Banker Asset Management Awards for Excellence 2021 Best Fund Provider – High Yield Bond – <i>Asian Private Banker</i> • Listed Company Awards of Excellence 2021 Value Partners Group Limited: Outstanding Listed Company – <i>Hong Kong Economic Journal</i>

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MANAGER'S REPORT

For the six-month period ending 31 December 2023, the Value Partners Taiwan Fund recorded returns of 12.1%, while the MSCI Taiwan Index and the Taiwan Stock Exchange ("TWSE") were up 8.7% and 9.6%, respectively.

Despite the slump in global demand and other ongoing concerns, such as geopolitical tensions, the period was positive for Taiwan equities, driven by the improving outlook for the information technology sector.

Towards the end of 2023, Taiwan's exports continued to improve as global demand, particularly for technology products and applications, gradually recovered. Technology-related products were bolstered by the rapid adoption and prevalence of artificial intelligence (AI) and other new technologies, including autonomous driving and electric vehicles (EVs), as well as augmented and mixed reality (AR/MR) devices. We believe these trends could continue to drive new business opportunities for tech companies in Taiwan.

While Taiwan's administration lowered its 2023 GDP estimate to 1.4% from its previous 1.6% forecast in August, it expects growth to reach 3.4% in 2024, driven by improving trade volumes, domestic capacity expansion of leading semiconductor manufacturers, and consumption, among others.¹

1. Directorate-General of Budget, Accounting and Statistics (Taiwan), 28 November 2023

Performance data is sourced from Value Partners & HSBC Institutional Trust Services (Asia) Limited as at 31 December 2023, NAV to NAV in base currency with dividend reinvested and net of fees. All indices are for reference only.

MANAGER'S REPORT (Continued)
Value Partners Taiwan Fund: 5 largest holdings of securities as of 31 December 2023

Stock	Industry	Valuation (2024 Estimates)	Remarks
Taiwan Semiconductor Manufacturing (Code: 2330 TT) Market cap: US\$502.9 billion	Semiconductors and semiconductor equipment	Price: TWD593.0 P/E: 15.6x P/B: 3.7x Yield: 2.2%	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 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.
Lite-On Technology Corp (Code: 2301 TT) Market cap: US\$9.0 billion	Technology, Hardware and Equipment	Price: TWD117.0 P/E: 14.3x P/B: 2.7x Yield: 5.0%	Lite-On Technology is a major player in optoelectronic components, covering areas in fields including communications, consumer electronics, automotive electronics, LED lighting, and cloud computing. The company is expected to expand further, given its ongoing efforts to develop high-growth businesses in various fields, including cloud computing, auto electronics, and networking.

VALUE PARTNERS TAIWAN FUND

(A Cayman Islands Unit Trust)

MANAGER’S REPORT (Continued)

Value Partners Taiwan Fund: 5 largest holdings of securities as of 31 December 2023 (Continued)

Stock	Industry	Valuation (2024 Estimates)	Remarks
Unimicron Technology Corp (Code: 3037 TT) Market cap: US\$8.8 billion	Technology, Hardware and Equipment	Price: TWD176.0 P/E: 14.3x P/B: 2.4x Yield: 2.7%	Unimicron Technology is one of the major suppliers of semiconductor substrates, including Ajinomoto build-up films (ABFs) and BT substrates. It also produces printed circuit boards (PCBs). The company is well-positioned to benefit from the growing adoption of advanced packaging, which massively increases the usage and complexity of substrates.
Gigabyte Technology Co (Code: 2376 TT) Market cap: US\$5.5 billion	Technology, Hardware and Equipment	Price: TWD266.0 P/E: 19.0x P/B: 4.0x Yield: 2.9%	Gigabyte Technology provides motherboards and gaming graphic cards under its own brand. It also provides server solutions for data centers and enterprise customers. It is a close partner of Nvidia and is among the first to provide AI server solutions with the latest data center graphics processing units (GPUs), benefitting from the surging AI demand.

MANAGER'S REPORT (Continued)

Value Partners Taiwan Fund: 5 largest holdings of securities as of 31 December 2023 (Continued)

Stock	Industry	Valuation (2024 Estimates)	Remarks
<p>Sporton International (Code: 6146 TT)</p> <p>Market cap: US\$0.8 billion</p>	Commercial Services and Supplies	<p>Price: TWD241.0</p> <p>P/E: 14.5x</p> <p>P/B: 3.9x</p> <p>Yield: 5.5%</p>	<p>Sporton International specializes in providing product testing, inspection, and certification ("TIC") services in electromagnetic ("EM") compatibility and safety of electronic devices. Its certification is well-recognized in over 150 countries. The company benefits from the increasing number of new product launches, as each new model requires new certifications. An increase in complexity and upgrades in technology are also important drivers for the demand for Sporton's services. Its operations are primarily in Taiwan and China.</p>

Note: The above investments made up 28.8% of the Value Partners Taiwan Fund as of 31 December 2023. The stock prices are based on the closing of 31 December 2023.

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

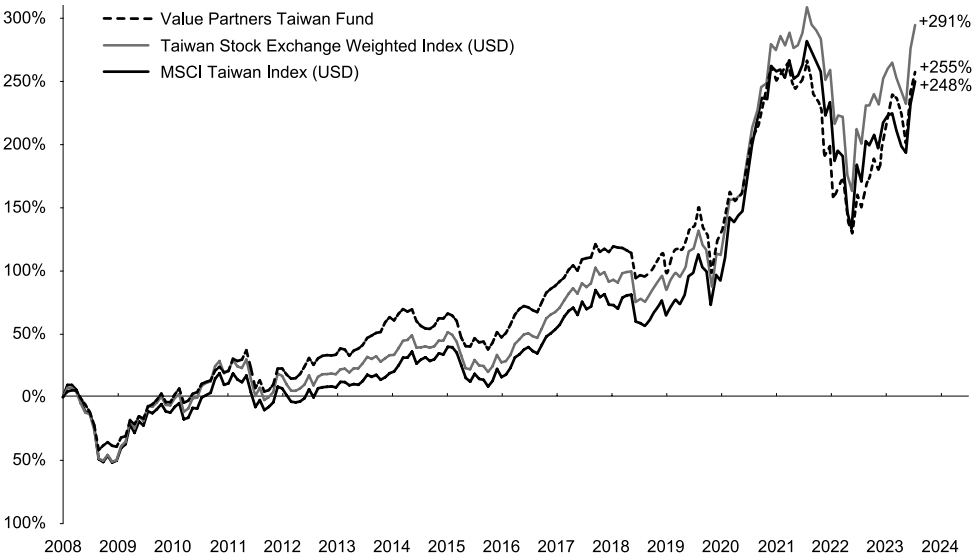
VALUE PARTNERS TAIWAN FUND

(A Cayman Islands Unit Trust)

MANAGER’S REPORT (Continued)

Value Partners Taiwan Fund
NAV per unit = US\$35.49 (as at 31 December 2023)

Performance since launch
From 3 March 2008 to 31 December 2023



VALUE PARTNERS TAIWAN FUND

(A Cayman Islands Unit Trust)

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 31 DECEMBER 2023

	31.12.2023 US\$	30.06.2023 US\$
Assets		
Current assets		
Financial assets at fair value through profit or loss	52,880,426	45,900,606
Amounts receivable on sales of investments	16,397	3,506,085
Amounts receivable on issue of units	10,678	1,256
Dividends and interest receivables	27,403	208,619
Margin deposit	3,409	3,319
Cash and cash equivalents	2,856,014	3,791,228
	<u>55,794,327</u>	<u>53,411,113</u>
Total assets	----- 55,794,327	----- 53,411,113
Liabilities		
Current liabilities		
Amounts payable on purchases of investments	-	959,637
Amounts payable on redemption of units	4,319	20,136
Management fees payable	57,024	52,971
Performance fees payable	66,497	-
Accruals and other payables	77,456	58,209
	<u>205,296</u>	<u>1,090,953</u>
Total liabilities	----- 205,296	----- 1,090,953
Net assets attributable to unitholders	55,589,031	52,320,160
Net asset value per unit with 1,566,503 (30.06.2023: 1,653,059) units outstanding	<u>35.49</u>	<u>31.65</u>

Note: Semi-annual reports have applied the same accounting policies and methods of computation as are applied in the annual reports of the Fund.

VALUE PARTNERS TAIWAN FUND

(A Cayman Islands Unit Trust)

STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	31.12.2023 US\$	31.12.2022 US\$
Income		
Dividends	1,271,619	1,375,911
Interest on bank deposits	4,529	541
Net realised gains/(losses) on investments	1,726,728	(12,290,074)
Change in unrealised gains/losses on investments	3,945,285	9,672,278
Net foreign exchange losses	(6,934)	(269,681)
Total net income/(loss)	<u>6,941,227</u>	<u>(1,511,025)</u>
Expenses		
Management fees ^{Note 2}	328,102	406,410
Performance fees ^{Note 2}	66,497	–
Trustee and fund administration fees ^{Note 1}	35,435	43,892
Transaction costs ^{Note 1}	50,300	188,503
Safe custody and bank charges ^{Note 1}	17,525	20,854
Legal and professional fees	8,751	7,295
Auditor's remuneration	20,763	20,213
Other operating expenses ^{Note 1}	23,885	17,239
Total operating expenses	<u>551,258</u>	<u>704,406</u>
Profit/(loss) before tax	6,389,969	(2,215,431)
Withholding tax on dividend income	(263,436)	(282,519)
Profit/(loss) for the period	<u>6,126,533</u>	<u>(2,497,950)</u>

^{Note 1} During the periods ended 31 December 2023 and 2022, other than trustee and fund administration fees that paid to Trustee or its connected persons, transactions with the Trustee or their connected persons were as follows:

	31.12.2023 US\$	31.12.2022 US\$
Interest on bank deposits	4,529	–
Transaction costs	(3,312)	(12,537)
Safe custody and bank charges	(17,417)	(20,769)

^{Note 2} During the periods ended 31 December 2023 and 2022, other than management fees and performance fees paid to Manager, no other amounts were paid to the Manager or its connected persons.

**STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
(UNAUDITED)**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	31.12.2023 US\$	31.12.2022 US\$
Net assets attributable to unitholders as at beginning of the period	52,320,160	66,262,710
Issue of units	611,789	81,175
Redemption of units	(3,469,451)	(371,970)
Net decrease from capital transactions	(2,857,662)	(290,795)
Profit/(loss) for the period	6,126,533	(2,497,950)
Net assets attributable to unitholders as at end of the period	55,589,031	63,473,965

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

	As at 1 July 2023	Issue of units	Redemption of units	As at 31 December 2023
Number of units				
- Class A	1,653,059	18,172	(104,728)	1,566,503
	As at 1 July 2022	Issue of units	Redemption of units	As at 31 December 2022
Number of units				
- Class A	2,580,917	3,222	(14,566)	2,569,573

VALUE PARTNERS TAIWAN FUND

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STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	31.12.2023 US\$	31.12.2022 US\$
Cash flows from operating activities		
Profit/(loss) for the period	6,126,533	(2,497,950)
Adjustments for:		
Dividends	(1,271,619)	(1,375,911)
Interest on bank deposits	(4,529)	(541)
Withholding tax on dividend income	263,436	282,519
	<hr/> 5,113,821	<hr/> (3,591,883)
Increase in financial assets at fair value through profit or loss	(6,979,820)	(1,268,402)
Increase in margin deposit	(90)	(39)
Decrease in prepayments and other receivables	-	275
Decrease in amounts receivable on sales of investments	3,489,688	121,776
(Decrease)/increase in amounts payable on purchases of investments	(959,637)	2,834,630
Increase/(decrease) in management fees payable, performance fees payable, accruals and other payables	<hr/> 89,797	<hr/> (28,617)
Cash generated from/(used in) operations	753,759	(1,932,260)
Dividends received	1,189,471	1,985,478
Interest on bank deposits received	<hr/> 4,457	<hr/> 494
Net cash inflow from operating activities	<hr/> 1,947,687	<hr/> 53,712

STATEMENT OF CASH FLOWS (UNAUDITED)(Continued)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	31.12.2023 <i>US\$</i>	31.12.2022 <i>US\$</i>
Cash flows from financing activities		
Proceeds from issue of units	602,367	81,176
Payments on redemption of units	<u>(3,485,268)</u>	<u>(371,970)</u>
Net cash outflow from financing activities	----- (2,882,901)	----- (290,794)
Net decrease in cash and cash equivalents	(935,214)	(237,082)
Cash and cash equivalents as at beginning of the period	<u>3,791,228</u>	<u>8,201,332</u>
Cash and cash equivalents as at end of the period, representing bank balances	<u><u>2,856,014</u></u>	<u><u>7,964,250</u></u>

VALUE PARTNERS TAIWAN FUND

(A Cayman Islands Unit Trust)

INVESTMENT PORTFOLIO (UNAUDITED)

AS AT 31 DECEMBER 2023

	Holdings	Fair value US\$	% of net assets
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS			
Listed equity securities			
<i>Taiwan</i>			
Ampire Co Ltd	561,000	703,463	1.27
Argosy Research Inc	157,000	875,825	1.58
Asia Vital Components Co Ltd	80,299	878,919	1.58
Auras Technology Co Ltd	41,000	470,107	0.85
Avalue Technology Inc	369,000	1,434,326	2.58
Cathay Financial Holding Co Ltd	705,000	1,049,141	1.89
Chicony Power Technology Co Ltd	441,000	2,087,158	3.75
Chroma Ate Inc	62,000	429,561	0.77
Delta Electronics Inc	36,000	367,108	0.66
Elite Material Co Ltd	166,000	2,062,648	3.71
Far Eastern New Century Corp	735,000	745,926	1.34
Fulgent Sun International Holding Co Ltd	331,000	1,437,352	2.59
Gigabyte Technology Co Ltd	326,000	2,820,675	5.07
Grape King Bio Ltd	116,000	588,622	1.06
Hon Hai Precision Industry Co Ltd	676,000	2,297,824	4.13
Jentech Precision Industrial Co Ltd	41,697	1,043,001	1.88
Kwong Lung Enterprise Co Ltd	478,000	884,696	1.59
Largan Precision Co Ltd	4,000	373,418	0.67
Lite-On Technology Corp	756,000	2,877,143	5.18
Materials Analysis Technology Inc	34,369	259,922	0.47
MediaTek Inc	14,000	462,219	0.83
Mega Financial Holding Co Ltd	1,393,761	1,777,167	3.20
Micro-Star International Co Ltd	272,000	1,804,899	3.25
Momo.com Inc	34,980	579,150	1.04
MSSCORPS Co Ltd	149,000	685,798	1.23
Sigurd Microelectronics Corp	474,000	1,005,263	1.80
Simplo Technology Co Ltd	26,000	355,203	0.64
Sporton International Inc	345,712	2,710,100	4.87
Sunonwealth Electric Machine Industry Co Ltd	327,000	1,143,431	2.06
Taishin Financial Holding Co Ltd	2,737,334	1,611,611	2.90
Taiwan Hon Chuan Enterprise Co Ltd	458,000	1,862,213	3.35
Taiwan Secom Co Ltd	402,000	1,529,909	2.75
Taiwan Semiconductor Manufacturing Co Ltd	247,000	4,764,369	8.57
Tong Yang Industry Co Ltd	877,000	2,168,038	3.90

VALUE PARTNERS TAIWAN FUND

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INVESTMENT PORTFOLIO (UNAUDITED)(Continued)

AS AT 31 DECEMBER 2023

	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>			
TYC Brother Industrial Co Ltd	664,000	874,736	1.57
Unimicron Technology Corp	495,000	2,833,816	5.10
Universal Vision Biotechnology Co Ltd	110,340	994,183	1.79
Wistron Neweb Corp	315,000	1,598,413	2.88
Yageo Corp	22,000	427,219	0.77
		<u>52,874,572</u>	<u>95.12</u>
Rights			
<i>Taiwan</i>			
Mega Financial Holding Co Ltd Rts 01/19/2024	29,028	<u>5,854</u>	<u>0.01</u>
Total investments, net		<u><u>52,880,426</u></u>	<u><u>95.13</u></u>
Total investments, at cost		<u><u>42,368,291</u></u>	

VALUE PARTNERS TAIWAN FUND

(A Cayman Islands Unit Trust)

INVESTMENT PORTFOLIO MOVEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 31 DECEMBER 2023

	% of net assets	
	31.12.2023	30.06.2023
Listed equity securities		
Taiwan	95.12	87.72
Rights		
Taiwan	<u>0.01</u>	<u>0.01</u>
Total investments	<u><u>95.13</u></u>	<u><u>87.73</u></u>