

First State New Era PRC Fund

Annual Report

July 2013 – June 2014

FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)

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This annual report shall not constitute an offer to sell or a solicitation of an offer to buy units in the First State New Era PRC Fund (previously known as New Era PRC Fund). Subscriptions are to be made only on the basis of the information contained in the relevant Explanatory Memorandum, as supplemented by the latest annual and semi-annual reports.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
REPORT OF THE MANAGER
FOR THE YEAR ENDED 30 JUNE 2014**

REPORT OF THE MANAGER

PERFORMANCE

	1 July 2013 to 30 June 2014	1 July 2012 to 30 June 2013
First State New Era PRC Fund (previously known as New Era PRC Fund)	15.32%	18.79%
Benchmark: MSCI China Free Index	15.94%	5.47%

(Performance calculation is based on the official dealing NAV.)

Review

Over the year to 30 June 2014 the MSCI China Index rose by 15.9% in US dollar terms, underperforming the MSCI World Index which increased by 24.7%. The market rose over the second half of 2013 as concerns about the economy faded, but performance was more subdued in the first half of 2014 as worries emerged about the outlook for the property sector and banking system. At a sector level, Information Technology and Utilities were particularly strong over the year, while Consumer Staples and Telecom Services lagged.

Performance

The portfolio outperformed its benchmark index over the period.

Performance was positively impacted by Tencent which rose on the back of positive results and Baidu which gained as its mobile business performed well. ENN Energy climbed as it delivered reasonable growth on the back of rising gas usage in China.

On the negative side, China Overseas Grand Oceans and China Resources Land both declined on concerns regarding the peaking of the Chinese property market. Mindray Medical was weak on worries about slowing growth.

Portfolio changes

Significant new positions established over the year included supermarket operator Sun Art Retail Group which has the potential to expand substantially on a five-year view. We also bought Luthai Textile, a textile manufacturer on reasonable valuations, and Sunny Optical Technology Group, which is reasonably valued and a beneficiary of the rising sophistication of smartphone cameras.

We sold China Communication Services as we were concerned about weakening operating cash flows and Yum! Brands on valuation concerns. We also sold Li & Fung as we had lost conviction in the company, and would prefer to see more evidence of William and Victor Fung in the management.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
REPORT OF THE MANAGER (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014**

REPORT OF THE MANAGER (CONTINUED)

Outlook

The slowdown in China is likely to continue, although the economy may stabilise in the short-term. The fact that the government has not launched a major stimulus package so far shows that they are determined to push ahead with necessary adjustments to the economy and dealing with industry overcapacity. There are likely to be more selective measures to help promote sustainable development in the areas of environment, product upgrading and the livelihood of the general public. We continue to focus on identifying companies with sustainable competences, proven management and healthy financials.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
 PERFORMANCE TABLE (UNAUDITED)
 FOR THE YEAR ENDED 30 JUNE 2014**

NET ASSET VALUES

Financial year ended	Net asset value of the Fund US\$	Net asset value per unit in issue US\$
30.6.2014	10,284,868	94.54
30.6.2013	10,734,975	81.66
30.6.2012	9,435,949	68.88

PERFORMANCE RECORD

Financial year ended	Highest issue price per unit US\$	Lowest redemption price per unit US\$
30.6.2014	97.50	80.10
30.6.2013	88.60	68.25
30.6.2012	79.42	57.46
30.6.2011	83.06	65.41
30.6.2010	72.39	49.65
30.6.2009	59.58	25.52
30.6.2008	81.01	51.35
30.6.2007	56.96	29.76
30.6.2006	32.98	20.93
30.6.2005	22.05	16.26

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 30 JUNE 2014**

We hereby confirm that, in our opinion, the Manager of the Fund has, in all material respects, managed the Fund in accordance with the provisions of the Trust Deed dated 28 June 2001, as amended, for the year ended 30 June 2014.

For and on behalf of

HSBC Institutional Trust Services (Asia) Limited
as the Trustee of
the First State New Era PRC Fund
(previously known as New Era PRC Fund)

Hong Kong, 24 October 2014

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF FIRST STATE NEW ERA PRC FUND
(PREVIOUSLY KNOWN AS NEW ERA PRC FUND) (THE "FUND")**

Report on the Financial Statements

We have audited the financial statements of the Fund set out on pages 7 to 26, which comprise the statement of net assets as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement 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 of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, 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 28 June 2001, as amended (the "Trust Deed") and Appendix E of the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong (the "SFC Code"), and for such internal control as the 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 and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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. We are also required to assess whether the financial statements of the Fund have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

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 judgement, 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 of financial statements that give a true and fair view 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 the 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE UNITHOLDERS OF FIRST STATE NEW ERA PRC FUND
(PREVIOUSLY KNOWN AS NEW ERA PRC FUND) (THE "FUND") (CONTINUED)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2014, and of its financial transactions and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the relevant disclosure provisions of the Trust Deed and the SFC Code.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 October 2014

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
STATEMENT OF NET ASSETS
AS AT 30 JUNE 2014**

	Note	2014 US\$	2013 US\$
Assets			
Current assets			
Investments	4(b)	10,319,017	10,603,025
Amounts receivable from brokers		6,191	-
Dividend receivable and other receivables		33,126	64,087
Cash at banks		75,432	148,114
Total assets		<u>10,433,766</u>	<u>10,815,226</u>
Liabilities			
Current liabilities			
Amounts payable on redemption		53,132	1,451
Amounts payable to brokers		44,427	26,363
Derivative financial instruments	6	8	-
Accounts payable and accrued expenses		51,331	52,437
Total liabilities		<u>148,898</u>	<u>80,251</u>
Equity			
Net assets attributable to unitholders	3	<u>10,284,868</u>	<u>10,734,975</u>
Number of units in issue		<u>108,787.13</u>	<u>131,460.52</u>
Net assets attributable to unitholders per unit		<u>94.54</u>	<u>81.66</u>

Signed for and on behalf of

HSBC Institutional Trust Services (Asia) Limited
as the Trustee

First State Investments (Hong Kong) Limited
as the Manager

The notes on pages 11 to 26 form part of these financial statements.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 US\$	2013 US\$
Income			
Dividend on investments		200,204	221,029
Interest income		15	3
Net gains on investments	5	1,683,410	1,768,092
Exchange losses		(2,498)	(2,841)
Total net income		<u>1,881,131</u>	<u>1,986,283</u>
Expenses			
Management fee	9(a)	163,102	158,115
Trustee's fee	9(b)	5,437	5,271
Administration fee	9(c)	12,006	12,000
Auditor's remuneration		29,927	28,470
Interest expense		163	36
Safe custody and bank charges		1,132	885
Legal and professional fee		32,224	8,377
Other operating expenses		27,990	23,793
Total operating expenses		<u>271,981</u>	<u>236,947</u>
Profit before tax		1,609,150	1,749,336
Withholding tax		(9,767)	(13,852)
Total comprehensive income		<u><u>1,599,383</u></u>	<u><u>1,735,484</u></u>

The notes on pages 11 to 26 form part of these financial statements.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	2014		2013	
	Units	US\$	Units	US\$
Balance at the beginning of the year	131,460.52	10,734,975	137,000.06	9,435,949
Redemption of units	(22,673.39)	(2,049,490)	(5,539.54)	(436,458)
Total comprehensive income	-	1,599,383	-	1,735,484
Balance at the end of the year	<u>108,787.13</u>	<u>10,284,868</u>	<u>131,460.52</u>	<u>10,734,975</u>

The notes on pages 11 to 26 form part of these financial statements.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	2014	2013
	US\$	US\$
Cash flows from operating activities		
Purchase of investments	(2,839,147)	(2,879,772)
Proceeds from sale of investments	4,818,446	3,386,970
Dividend received	221,398	200,680
Interest received	15	3
Interest paid	(163)	(36)
Administration fee paid	(12,006)	(12,000)
Auditor's remuneration paid	(28,330)	(27,610)
Management fee paid	(164,040)	(156,257)
Trustee's fee paid	(5,469)	(5,209)
Other operating expenses paid	(63,079)	(32,458)
Net cash generated from operating activities	<u>1,927,625</u>	<u>474,311</u>
Cash flows from financing activities		
Proceeds from redemption of units	(1,997,809)	(436,458)
Net cash used in financing activities	<u>(1,997,809)</u>	<u>(436,458)</u>
Net (decrease)/increase in cash and cash equivalents	(70,184)	37,853
Effect of foreign exchange rate changes	(2,498)	(2,841)
Cash and cash equivalents at the beginning of the year	148,114	113,102
Cash and cash equivalents at the end of the year	<u><u>75,432</u></u>	<u><u>148,114</u></u>
Analysis of balance of cash and cash equivalents		
Cash at banks	<u><u>75,432</u></u>	<u><u>148,114</u></u>

The notes on pages 11 to 26 form part of these financial statements.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. The Fund

First State New Era PRC Fund (previously known as New Era PRC Fund) (the “Fund”) is a unit trust established in Hong Kong under a Trust Deed dated 28 June 2001, as amended.

The Fund is authorised by the Securities and Futures Commission of Hong Kong under Section 104 of the Securities and Futures Ordinance and was previously listed under Chapter 20 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Fund is no longer listed on the exchange effective from 6 February 2014. It is required to comply with the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong. The investment objective of the Fund is to provide investors with capital growth over the medium to long term primarily by investing in Hong Kong listed Red Chips and H shares, and securities listed on the stock exchanges of the People’s Republic of China (the “PRC”), which are available to foreign investors.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the 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 Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRS requires the Trustee to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New and amended standards that are effective in the current year and have been adopted by the Fund

Amendments to HKFRS 7, 'Disclosures - Offsetting financial assets and financial liabilities' require additional disclosures to enable users of financial statements to evaluate the effect or the potential effects of netting arrangements, including rights of set-off associated with an entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendments did not have any impact on the Fund's financial statements.

HKFRS 13, 'Fair value measurement', effective for annual periods beginning on or after 1 January 2013, has been adopted. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRS. If an asset or a liability measured at fair value has a bid price and an ask price, the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurement within a bid-ask spread. On adoption of the standard, the Fund changed its valuation inputs for listed financial assets and liabilities to last traded prices to be consistent with the inputs prescribed in the Fund's offering document for the calculation of its per unit trading value for subscriptions and redemptions. The use of last traded prices is recognised as a standard pricing convention within the industry. In the prior year, the Fund utilised bid and ask prices for its listed financial assets and liabilities in accordance with HKAS 39. The change in valuation inputs is considered to be a change in estimate in accordance with HKAS 8.

There are no other standards, interpretations or amendments to existing standards that are effective that would be expected to have a significant impact on the Fund.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New standards and amendments to standards that are relevant to the Fund but are not yet effective and have not been early adopted by the Fund

HKFRS 9, 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities, is effective for annual periods on or after 1 July 2018. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is 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. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The standard is not expected to have a significant impact on the Fund's financial statements.

Amendments to HKAS 32, 'Offsetting financial assets and financial liabilities' will be effective for annual periods beginning on or after 1 July 2014. These amendments clarify the offsetting criteria in HKAS 32 and address inconsistencies in their application. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The amendments are not expected to have a significant impact on the Fund's financial statements.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Fund.

(b) Investments

All investments have been classified as "financial assets at fair value through profit or loss".

Purchases and sales of investments are accounted for on the trade date basis. Investments are initially recognised at fair value, excluding transaction costs which are expensed as incurred, and are subsequently re-measured at fair value. Realised and unrealised gains and losses on investments are included in the statement of comprehensive income in the period in which they arise. 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.

Prior to 1 July 2013, the quoted market price used for financial assets held by the Fund was the current bid price; the quoted market price for financial liabilities was the current asking price. The Fund adopted HKFRS 13, 'Fair value measurement', from 1 July 2013; it changed its fair valuation input to utilise the last traded market price for both financial assets and financial liabilities where the last traded price falls within the bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, management will determine the point within the bid-ask spread that is most representative of fair value.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. Summary of significant accounting policies (continued)

(c) Derivative financial instruments

Derivative financial instruments represent outstanding forward foreign exchange contracts. Outstanding forward foreign exchange contracts are valued at the year end date by reference to the forward rate of exchange applicable to the outstanding term of the contracts. Unrealised gains and losses on outstanding contracts and realised gains and losses on closed contracts are shown in the statement of comprehensive income under “net gains/(losses) on investments”.

(d) Income

Interest income is recognised on a time-proportionate basis using the effective interest method. Dividend income is recognised when the right to receive payments is established.

(e) Translation of foreign currencies

(i) Functional and presentation currencies

Items included in the Fund’s financial statements are measured using the currency of the primary economic environment in which it operates (“the functional currency”). The performance of the Fund is measured and reported to the holders of redeemable units in United States dollar. The Manager considers the United States dollar as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in United States dollar, which is the Fund’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the year end date.

Foreign exchange gains and losses arising from translation are included in the statement of comprehensive income.

Foreign exchange gains and losses relating to cash and cash equivalents are presented in the statement of comprehensive income within “exchange gains/(losses)”.

Foreign exchange gains and losses relating to the financial assets and liabilities carried at fair value through profit or loss are presented in the statement of comprehensive income within “net gains/(losses) on investments”.

(f) Expenses

Expenses are accounted for on an accruals basis.

(g) Subscription and redemption of units

The Fund issues units, which are redeemable at the holder’s option and are classified as equity.

The price at which units are subscribed or redeemed is calculated by reference to the net asset value per unit as at the close of business on the relevant dealing day.

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of net assets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. Summary of significant accounting policies (continued)

(i) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at banks with maturity of three months or less from the date of placing the deposits, net of bank overdrafts, if any.

(j) Amounts receivable from/payable to brokers

Amounts receivable from/payable to brokers represent receivables from investments sold and payables for investments purchased that have been contracted for but not yet settled or delivered by the end of the year.

3. Net assets attributable to unitholders

The Fund has no restrictions on the subscriptions of units. However, to protect the interests of unitholders, the Manager is entitled, with the approval of the Trustee, to limit the number of units redeemed on any dealing day (whether by sale to the Manager or by cancellation by the Trustee) to 10 per cent of the total number of units in issue.

In this event, the limitation will apply pro rata so that all unitholders wishing to redeem units on that dealing day will redeem the same proportion of such units, and units not redeemed (but which would otherwise have been redeemed) will be carried forward for redemption, subject to the same limitation, on the next dealing day. If requests for redemption are so carried forward, the Manager will inform the unitholders concerned. Subscriptions and redemptions of units during the year are shown in the statement of changes in equity. In order to achieve the investment objectives, the Fund endeavors to invest its capital in accordance with the investment policies as outlined in note 4, whilst maintaining sufficient liquidity to meet redemption requests. Such liquidity is augmented by the holding of liquid investments.

The Fund has adopted HKFRS 13 on 1 July 2013 and has changed its valuation inputs for listed financial assets and liabilities to last traded prices. This is consistent with the provisions of the Fund's Trust Deed for the purpose of determining net asset value per unit for subscriptions and redemptions and for various fee calculation. Prior to 1 July 2013, the accounting policy of the Fund for the purpose of financial statements preparation was to value financial assets and liabilities at the relevant bid and ask market prices on the year end date. This change eliminated the difference between the Trust Deed and HKFRS measurements of financial instruments as at 30 June 2014. However, as at 30 June 2013, the valuation of investments in accordance with HKAS 39 as shown in financial statements resulted in a decrease in value of investments by US\$42,801, compared with using the valuation methodology indicated in the Fund's Trust Deed.

A reconciliation of the net asset value as reported in the statement of net assets to the net asset value as determined for the purposes of processing unit subscription and redemptions is provided below:

	2014 US\$	2013 US\$
Net assets/equity as per statement of net assets	10,284,868	10,734,975
Adjustment for difference in valuation inputs	-	42,801
	<hr/>	<hr/>
Net assets attributable to unitholders (at last traded market prices)	<u>10,284,868</u>	<u>10,777,776</u>

As at 30 June 2014, the Fund had US\$10,284,868 (2013: US\$10,734,975) of puttable financial instruments classified as equity.

The Fund's objectives and policies for managing their obligations to redeem these instruments are included in note 4(h) on capital risk management and note 4(e) on liquidity risk.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management

Investments and derivative financial instruments are classified as “financial assets and liabilities at fair value through profit or loss”. The remaining financial assets and liabilities as shown on the statement of net assets are classified as “loans and receivables” and “other financial liabilities” respectively.

(a) Strategy in using financial instruments

The investment objective of the Fund is to provide investors with capital growth over the medium to long term by investing in listed shares in Hong Kong, Mainland China, and other financial markets.

The Fund is expected to provide a return in excess of the relevant benchmark index, the MSCI China Free Index (Total return) in US dollars.

The Fund is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk.

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

(b) Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

It is the policy of the Manager to maintain a diversified portfolio of investments so as to minimise risk.

As at year end, the overall market exposures were as follows:

	2014		2013	
	Fair value US\$	% of net assets	Fair value US\$	% of net assets
Held for trading:				
- Listed equities	10,319,017	100.33	10,603,025	98.77
- Derivative financial instruments	(8)	0.00	-	-
	<u>10,319,009</u>	<u>100.33</u>	<u>10,603,025</u>	<u>98.77</u>

The following table shows the market exposure the Fund has to various markets:

	2014 US\$ Equivalents	2013 US\$ Equivalents
Markets exposed to		
China	7,553,496	7,031,025
Hong Kong	2,536,476	3,050,115
Japan	186,137	198,907
Singapore	42,908	35,314
USA	-	287,664
	<u>10,319,017</u>	<u>10,603,025</u>

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management (continued)

(b) Market price risk (continued)

The market exposure to country is based on the place of domiciles of the security.

The exposure to sectors at 30 June 2014 and 2013 are as follows:

	2014	2013
	% of net assets	% of net assets
Sectors exposed to		
Consumer Discretionary	11.84	12.10
Consumer Staples	8.51	11.08
Energy	9.37	7.55
Financials	19.27	19.36
Health Care	13.01	9.85
Industrials	0.82	2.10
Information Technology	17.38	9.72
Materials	3.51	5.33
Telecommunication Services	2.11	6.77
Utilities	14.51	14.91
	<u>100.33</u>	<u>98.77</u>

There are no individual investments with market value exceeding 10% of the Fund's net asset value at 30 June 2014 and 30 June 2013.

The table below summarises the impact on the net assets attributable to unitholders, as at 30 June 2014 and 2013, of a reasonably possible change in the benchmark market indices as applied to the respective beta reported by Lipper.

The reasonably possible change in the benchmark market indices has been determined by using the last five years annualised benchmark returns.

The performance of the Fund does not necessarily follow the benchmark and the holdings might be different to the benchmark. The below sensitivity analysis is a relative estimate of risk. Please note that past performance should not be used as a guide to future performance as future market conditions could vary significantly from those experienced in the past.

	2014		2013	
	Change in market index % +/-	Impact US\$ +/-	Change in market index % +/-	Impact US\$ +/-
MSCI China Free Index (Total return)	5.22%	425,182	0.43%	41,210

(c) Interest rate risk

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates.

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. Any excess cash and cash equivalents are invested at short term market interest rates.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management (continued)

(c) Interest rate risk (continued)

The Fund had bank balances of US\$75,432 (2013: US\$148,114) at year end, and is therefore exposed to minimal interest rate risk on these bank balances.

(d) Credit and custody risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency, negligence or fraudulent action of the custodian or of a sub-custodian.

The Fund's financial assets which are potentially subject to concentrations of credit risk consist principally of bank deposits and assets held with the custodian. The table below summarises the assets placed with the bank and custodian at 30 June 2014 and 2013.

At 30 June 2014

	US\$	Credit rating	Source of credit rating
<u>Custodian – custody risk</u>			
HSBC Institutional Trust Services (Asia) Limited	10,319,017	AA-	Fitch
<u>Bank – credit risk</u>			
The Hongkong and Shanghai Banking Corporation Limited	75,432	AA-	Fitch

At 30 June 2013

	US\$	Credit rating	Source of credit rating
<u>Custodian – custody risk</u>			
HSBC Institutional Trust Services (Asia) Limited	10,603,025	AA-	Fitch
<u>Bank – credit risk</u>			
The Hongkong and Shanghai Banking Corporation Limited	148,114	AA-	Fitch

All transactions in listed/quoted investments 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. Payment is made on a purchase when the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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 with high credit ratings and that the Fund considers to be well established.

The maximum exposure to credit risk at year end is the carrying amount of the financial assets as shown on the statement of net assets.

None of the assets is impaired nor past due but not impaired.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management (continued)

(e) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in settling a liability, including a redemption request.

The Fund is exposed to daily cash redemptions of units in the Fund. The Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. Please refer to note 3 for restrictions on unit redemption and note 7 for uncommitted bank overdraft facility.

The table below analyses the Fund's financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts 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.

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 30 June 2014			
Amounts payable on redemption	-	-	53,132
Amounts payable to brokers	44,427	-	-
Derivative financial instruments	8	-	-
Accounts payable and accrued expenses	14,526	34,721	2,084
	<u>58,961</u>	<u>34,721</u>	<u>55,216</u>
Total financial liabilities	58,961	34,721	55,216
At 30 June 2013			
Amounts payable on redemption	-	-	1,451
Amounts payable to brokers	26,363	-	-
Accounts payable and accrued expenses	16,677	33,125	2,635
	<u>43,040</u>	<u>33,125</u>	<u>4,086</u>
Total financial liabilities	43,040	33,125	4,086

Units are redeemed on demand at the holder's option. As at 30 June 2014, there was 1 (2013: 1) unitholder holding over 10% of the Fund's net assets. Based on historical levels of activity, the Fund on average has outflows relating to the redemption of units of US\$171,000 (2013: US\$36,000) per month.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management (continued)

(e) Liquidity risk (continued)

The Fund manages its liquidity risk by investing predominantly in securities that it expects to be able to liquidate within 1 month or less. The following table illustrates the expected liquidity of assets held:

At 30 June 2014	Less than 1 month US\$	1-3 months US\$	More than 3 months US\$
Investments	10,319,017	-	-
Amounts receivable from brokers	6,191	-	-
Dividend receivable and other receivables	24,134	8,992	-
Cash at banks	75,432	-	-
Total assets	10,424,774	8,992	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 30 June 2013	Less than 1 month US\$	1-3 months US\$	More than 3 months US\$
Investments	10,603,025	-	-
Dividend receivable and other receivables	57,885	6,202	-
Cash at banks	148,114	-	-
Total assets	10,809,024	6,202	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(f) Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

The Fund has assets and liabilities denominated in currencies other than United States dollar, the Fund's functional and presentation currency. The Fund is therefore exposed to currency risk, as the value of the monetary assets and liabilities denominated in other currencies will fluctuate due to changes in exchange rates.

The table below summarises the Fund's net exposure to different major currencies:

	2014		2013	
	Monetary US\$	Non- monetary US\$	Monetary US\$	Non- monetary US\$
Australian dollar	2	-	-	-
Hong Kong dollar	(5,110)	9,153,598	45,543	9,134,473
Japanese yen	-	186,136	-	198,907
Singapore dollar	-	42,908	-	35,314

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management (continued)

(f) Currency risk (continued)

The table below summarises the impact on net assets attributable to unitholders as a result of increases/decreases of key exchange rates on the exposures tabled above, to which the Fund is exposed. The analysis is based on the assumption that the exchange rates had increased/decreased by the respective percentage with all other variables held constant.

	2014			2013		
	Change	Impact Monetary US\$ equivalent	Impact Non- monetary US\$ equivalent	Change	Impact Monetary US\$ equivalent	Impact Non- monetary US\$ equivalent
	+/-	+/-	+/-	+/-	+/-	+/-
Japanese yen	5.0%	-	9,307	5.0%	-	9,945
Singapore dollar	5.0%	-	2,145	5.0%	-	1,766

The Manager has used their view of what would be a “reasonable possible shift” in the exchange rates to estimate the change for use in the currency risk sensitivity analysis above.

Disclosures above are shown in absolute terms, changes and impacts could be positive or negative. Changes in exchange rates % are revised annually depending on the Manager’s current view of exchange rates volatility and other relevant factors.

(g) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. Prior to 1 July 2013, the quoted market price used for financial assets held by the Fund was the current bid price; the quoted market price used for financial liabilities was the current asking price. The Fund adopted HKFRS 13, ‘Fair value measurement’, from 1 July 2013 and changed its fair valuation inputs to utilise the last traded market price for both financial assets and financial liabilities.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The Fund adopted HKFRS 13, effective 1 July 2013. This requires the Fund to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management (continued)

(g) Fair value estimation (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgement by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Fund’s investments (by class) measured at fair value:

At 30 June 2014

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Held for trading				
- Equities	10,319,017	-	-	10,319,017
Total assets	<u>10,319,017</u>	<u>-</u>	<u>-</u>	<u>10,319,017</u>
Liabilities				
Held for trading				
- Derivatives	-	8	-	8
Total liabilities	<u>-</u>	<u>8</u>	<u>-</u>	<u>8</u>

At 30 June 2013

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Held for trading				
- Equities	10,603,025	-	-	10,603,025
Total assets	<u>10,603,025</u>	<u>-</u>	<u>-</u>	<u>10,603,025</u>

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management (continued)

(g) Fair value estimation (continued)

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

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include forward foreign exchange contracts. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently. As at 30 June 2014 and 30 June 2013, the Fund did not hold any investments classified in level 3.

There were no transfers between levels of investments for the year ended 30 June 2014. During the year ended 30 June 2013, one listed equity investment was transferred out of level 3 related to positions whose trading resumed.

The following table presents the transfers between levels of investments for the year ended 30 June 2013:

	Level 1	Level 2	Level 3
	US\$	US\$	US\$
At 30 June 2013			
Transfers between levels 1 and 3:			
Assets			
Investments			
- Equities			
Consumer Discretionary	22,117	-	(22,117)
	<u> </u>	<u> </u>	<u> </u>

The following table presents the movement in level 3 investments for the year ended 30 June 2013:

	2013
	US\$
Opening balance	55,292
Transfers from level 3 into level 1	(22,117)
Net losses on investments recognised in net gains/(losses) on investments	(33,175)
	<u> </u>
Closing balance	-
	<u> </u>
Change in unrealised gains/losses in value of investments for level 3 assets held at year end and included in net gains/(losses) on investments	-
	<u> </u>

The assets and liabilities as stated in the statement of net assets, excluding investments and derivative financial instruments, are carried at amortised cost; their carrying values are a reasonable approximation of fair value.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. Financial risk management (continued)

(h) Capital risk management

The capital of the Fund is represented by the net assets attributable to unitholders. The amount of net assets attributable to unitholders can change significantly as the Fund is subject to subscriptions and redemptions every day at the discretion of unitholders. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders and benefits for other stakeholders and to maintain a strong capital base to support the development of the investment activities of the Fund.

In order to maintain or adjust the capital structure, the Fund's policy is to perform the following:

- monitor the level of subscriptions and redemptions relative to the liquid assets; and
- redeem and issue units in accordance with the trust deed of the Fund.

The Manager monitors capital on the basis of the value of net assets attributable to unitholders.

5. Net gains on investments

	2014	2013
	US\$	US\$
Change in unrealised gains/losses in value of investments	931,223	952,330
Realised gains on sale of investments	752,187	815,762
	<u>1,683,410</u>	<u>1,768,092</u>

6. Derivative financial instruments

The details of outstanding forward foreign exchange contracts as at year end for the Fund were as follows:

At 30 June 2014

Contract to deliver	In exchange for	Settlement date	Fair value
			US\$
HKD47,987	USD6,184	2 July 2014	(8)
			<u>(8)</u>

At 30 June 2013

Contract to deliver	In exchange for	Settlement date	Fair value
			US\$
Nil	-	-	-
			<u>-</u>

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

7. Uncommitted bank overdraft

The Fund had arranged uncommitted overdraft facility with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") since 29 May 2013. The overdraft facility limit is the lesser of US\$1,000,000 or 10% of the net asset value of the Fund. The overdraft balance shall bear interest at 0.5% above HSBC's best lending rate for United States Dollars and 2.6% below HSBC's best lending rate for Hong Kong Dollars. The terms under the facility are subject to renewal from time to time and at least on an annual basis.

To secure the facility, the Fund has granted HSBC a lien on the collateral and the securities and/or cash held in the other accounts from time to time whether for safe custody or otherwise in respect of the Fund's actual or contingent liabilities under the facility. As at 30 June 2014 and 2013, there was no outstanding payable under the overdraft facility.

8. Taxation

- (a) No provision for Hong Kong profits tax has been made as the Fund was authorised as a collective investment scheme under Section 104 of the Hong Kong Securities and Futures Ordinance and is therefore exempted from profits tax under Section 26A(1A) of the Hong Kong Inland Revenue Ordinance.
- (b) The Fund invests in shares of companies in People's Republic of China ("PRC") listed on the Hong Kong Stock Exchange ("H-shares"). Under the PRC Corporate Income Tax Law, the Fund may be liable to pay PRC tax on the capital gains realised in the trading of H-shares. However, no provision was made for taxation from such gains in the financial statements as the Trustee and Manager believe that the Fund can sustain a position for not filing a tax return based on the existing tax regulations and that the enforcement of China tax on capital gains is not probable.
- (c) The Fund invests in B-shares of companies listed in the PRC. Under current PRC tax laws, gains derived from the transfer of shares of Chinese companies by non-residents should be subject to a withholding tax of 10%, unless exempt under relevant tax treaties. The State Administration of Taxation ("SAT") has remained silent on the application of the withholding tax for capital gains and until further clarification is issued by the SAT, the Manager considers that there is significant uncertainty in respect of whether the Fund has any liability and the extent of such liability. In making the assessment, the Manager has considered (a) the current position of the SAT, (b) absence of a withholding mechanism of the relevant tax, and (c) current market practice. Based on assumptions that the withholding tax, if levied, is at 10% of the gross gain, the maximum liability the Fund may be exposed is US\$88,558 (2013: US\$101,405), calculated based on the realised gain and unrealised gain from all investments in B-shares up to 30 June 2014. The Manager has assessed the risk for the Fund to be liable for such tax and considers such risk to be low as at 30 June 2014, and therefore no provision has been made.
- (d) Withholding tax was charged on certain dividend income received during the year.

9. Transactions with connected persons/related parties

The following is a summary of the transactions entered into during the year between the Fund and its related parties including the Trustee, the Manager and its connected persons. Connected persons of the Manager are those defined in the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong. 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 in arrears a monthly management fee from the Fund, accrued on and calculated at each dealing day at the rate of 1.5% per annum of the net asset value of the Fund. The Manager may increase the rate of management fee payable in respect of the Fund up to 2.25% per annum by giving not less than three months' written notice to the Trustee and the unitholders.

For the year ended 30 June 2014, a management fee of US\$163,102 (2013: US\$158,115) was incurred by the Fund, of which US\$12,492 (2013: US\$13,430) remained payable at 30 June 2014.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

9. Transactions with connected persons/related parties (continued)

(b) Trustee's fee

The Trustee is entitled to receive in arrears a monthly trustee fee from the Fund, accrued on and calculated at each dealing day at the rate of 0.05% per annum of the net asset value of the Fund. The Manager may increase the rate of trustee fee payable in respect of the Fund up to 1% per annum by giving not less than three months' written notice to the Manager and the unitholders. For the year ended 30 June 2014, a trustee fee of US\$5,437 (2013: US\$5,271) was incurred by the Fund, of which US\$415 (2013: US\$448) remained payable at 30 June 2014.

(c) Administration fee

The Trustee is also entitled to receive in arrears a monthly administration fee from the Fund, accrued on and calculated at each dealing day at the rate of 0.1% per annum of the net asset value of the Fund, subject to a minimum fee of US\$1,000 per month. For the year ended 30 June 2014, an administration fee of US\$12,006 (2013: US\$12,000) was incurred by the Fund, of which US\$1,000 (2013: US\$1,000) remained payable at 30 June 2014.

(d) Subscription charge

The Manager is entitled to a preliminary charge of 2% relating to unit subscriptions in the Fund. For the year ended 30 June 2014, no subscription charge has been levied by the Manager as no units had been issued (2013: Nil).

10. Soft commission arrangements

The Manager and its connected persons have not entered into any soft commission arrangements relating to dealing in the assets of the Fund during the year (2013: Nil).

11. Distributions

No distribution was made during the year (2013: Nil).

12. Subsequent event

According to the updated Explanatory Memorandum dated 7 October 2014, three classes of units had been set up (Class I, Class I (Hong Kong Dollars), Class II and Class III). Existing units of the Fund had been transferred into Class II on the date of updated Explanatory Memorandum.

13. Approval of the financial statements

The financial statements were approved by the Trustee and the Manager on 24 October 2014.

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2014**

	Holdings as at 30.6.2014	Market value US\$	% of net asset value
Listed investments – equities (100.33%)			
<i>Listed on the Stock Exchange of Hong Kong (84.76%)</i>			
AAC Technologies Hldg Inc Com	32,000	208,288	2.02
ASM Pacific Technology	9,200	100,537	0.98
China Construction Bank - H	409,181	309,362	3.01
China Mengniu Dairy Co Ltd	67,000	309,897	3.01
China Merchants Bank Co Ltd - H	223,291	440,198	4.28
China Oilfield Services Ltd	224,000	538,701	5.24
China Overseas Grand Oceans Group Ltd	300,250	185,942	1.81
China Resources Enterprise Ltd	30,667	85,067	0.83
China Resources Gas Group Ltd	106,000	333,695	3.24
China Resources Land Ltd	72,000	131,723	1.28
China Resources Power Holdings Co Ltd	41,700	118,362	1.15
China Suntien Green Energy Corp Ltd - H	273,000	88,760	0.86
China Taiping Insurance Holdings Co Ltd	140,412	251,447	2.44
China Telecom Corp Ltd - H	444,000	217,108	2.11
China Vanke Co Ltd - H	195,726	347,472	3.38
CNOOC Ltd	187,000	335,841	3.27
CPMC Holdings Ltd	419,000	361,114	3.51
CSPC Pharmaceutical Group Ltd	120,000	95,835	0.93
ENN Energy Holdings Ltd	72,000	517,418	5.03
Haitian International Hldgs	36,000	84,069	0.82
Hang Lung Group Ltd	16,000	86,597	0.84
Hengan International Group Co Ltd	9,200	96,857	0.94
Hong Kong & China Gas	77,750	170,130	1.65
Lee's Pharmaceutical Holdings Ltd	70,000	90,223	0.88
Lenovo Group Ltd	318,000	434,076	4.22
Luen Thai Holdings Ltd	232,000	63,756	0.62
Luk Fook Holdings International Ltd	29,000	84,933	0.83
Minth Group Ltd	160,000	310,884	3.02
Pacific Textiles Holdings Ltd	83,000	103,766	1.01
Shenzhen International Group	59,000	201,341	1.96
Sino Biopharmaceutical Ltd	228,000	184,734	1.80
Sun Art Retail Group Ltd	122,597	140,300	1.36
Sunny Optical Technology Group Co Ltd	81,000	114,538	1.11
Techtronic Industries Co Ltd	30,000	96,184	0.94
Tencent Holdings Ltd	31,500	480,376	4.67
Tong Ren Tang Technologies Co Ltd - H	248,000	362,203	3.52
Towngas China Co Ltd	300,000	353,383	3.44
United Laboratories Ltd	58,000	39,660	0.39
Want Want China Holdings Ltd	169,000	242,899	2.36
		<u>8,717,676</u>	<u>84.76</u>
<i>Listed on the Stock Exchange of Japan (1.81%)</i>			
Softbank Corp	2,500	186,136	1.81
		<u>186,136</u>	<u>1.81</u>

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 30 JUNE 2014**

	Holdings as at 30.6.2014	Market value US\$	% of net asset value
Listed investments – equities (100.33%) (continued)			
<i>Listed on the Stock Exchange of New York, U.S.A. (9.10%)</i>			
Baidu Inc - ADR	2,412	450,586	4.38
Mindray Medical Intl Ltd - ADR	10,206	321,489	3.12
Wuxi Pharmatech Cayman Inc - ADR	5,000	164,300	1.60
		936,375	9.10
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China (4.24%)</i>			
China National Accord Medicines Co Ltd - B	18,100	79,281	0.77
Jiangling Motors Corp Ltd - B	26,556	103,780	1.01
Luthai Textile Co Ltd - B	93,350	125,498	1.22
Weifu High-Technology Co Ltd - B	37,750	127,363	1.24
		435,922	4.24
<i>Listed on the Stock Exchange of Singapore (0.42%)</i>			
Capitaretail China Trust	36,205	42,908	0.42
		42,908	0.42
Total listed investments – equities		10,319,017	100.33
Derivative financial instruments		(8)	0.00
Other liabilities		(34,141)	(0.33)
Net assets as at 30 June 2014		10,284,868	100.00
Total listed investments – equities, at cost		7,164,112	

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2014**

Listed investments	Portfolio holdings		Bonus/ Split
	Additions	Disposals	
<u>Equities</u>			
<i>Listed on the Stock Exchange of Hong Kong</i>			
AAC Technologies Hldg Inc Com	19,000	15,000	-
ASM Pacific Technology	10,700	1,500	-
Beijing Jingkelong Company Ltd Shs - H	-	221,000	-
Belle International Holdings Ltd	-	90,000	-
China Bluechemical Ltd Shs - H	-	288,000	-
China Communications Services Corp Ltd - H	-	746,100	-
China Construction Bank - H	-	67,000	-
China Foods Ltd	-	134,000	-
China Mengniu Dairy Co Ltd	-	42,000	-
China Merchants Bank Co Ltd - H	38,344	35,000	-
China Merchants Bank Co Ltd - H Nil Paid Rts	-	38,270	38,270
China Merchants Hldgs International Co Ltd	317	50,326	-
China Oilfield Services Ltd	-	22,000	-
China Overseas Grand Oceans Group Ltd	161,000	-	-
China Resources Gas Group Ltd	-	22,000	-
China Resources Land Ltd	8,000	-	-
China Resources Power Holdings Co Ltd	-	18,000	-
China Suntien Green Energy Corp Ltd - H	273,000	-	-
China Taiping Insurance Holdings Co Ltd	-	11,600	-
China Telecom Corp Ltd - H	-	104,000	-
China Vanke Co Ltd - H	195,726	-	-
CNOOC Ltd	-	8,000	-
CPMC Holdings Ltd	107,000	165,000	-
CSPC Pharmaceutical Group Ltd	120,000	-	-
ENN Energy Holdings Ltd	-	40,000	-
Glorious Sun Enterprises Ltd	-	73,900	-
Haitian International Hldgs	-	12,000	-
Hang Lung Group Ltd	7,000	-	-
Hengan International Group Co Ltd	1,000	14,000	-
Hong Kong & China Gas	-	21,000	7,068
Lee's Pharmaceutical Holdings Ltd	70,000	-	-
Lenovo Group Ltd	42,000	-	-
Li & Fung Ltd	-	199,780	-
Luen Thai Holdings Ltd	232,000	-	-
Luk Fook Holdings International Ltd	38,000	9,000	-
Minth Group Ltd	62,000	6,000	-
Pacific Textiles Holdings Ltd	47,000	-	-
Shenzhou International Group	23,000	2,000	-
Sino Biopharmaceutical Ltd	152,000	12,000	-
Sun Art Retail Group Ltd	122,597	-	-
Sunny Optical Technology Group Co Ltd	101,000	20,000	-
TCC International Holdings Limited	-	126,000	-

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
(CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014**

Listed investments (continued)	Portfolio holdings		Bonus/ Split
	Additions	Disposals	
<u>Equities (continued)</u>			
<i>Listed on the Stock Exchange of Hong Kong (continued)</i>			
Techtronic Industries Co Ltd	-	13,500	-
Tencent Holdings Ltd	31,500	8,000	-
Tencent Holdings Ltd - Conv	31,500	31,500	-
Texhong Textile Group Ltd	43,500	43,500	-
Texwinca Holdings Ltd	-	74,000	-
Tong Ren Tang Technologies Co Ltd - H	36,000	12,000	124,000
Towngas China Co Ltd	40,000	57,000	-
United Laboratories Ltd	324,000	266,000	-
Want Want China Holdings Ltd	48,000	14,000	-
Zhaojin Mining Industry Co Ltd - H	20,000	63,500	-
<i>Listed on the Stock Exchange of Japan</i>			
Softbank Corp	100	1,000	-
<i>Listed on the Stock Exchange of New York, U.S.A.</i>			
Asiainfo-Linkage Inc	-	8,369	-
Baidu Inc - ADR	521	490	-
Mindray Medical Intl Ltd - ADR	671	2,964	-
Qunar Cayman Islands Limited - ADR	129	129	-
Wuxi Pharmatech Cayman Inc - ADR	-	2,480	-
Yum! Brands Inc	-	4,151	-
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China</i>			
Anhui Gujing Distillery Co Ltd - B	-	15,900	-
China National Accord Medicines Co Ltd - B	-	3,900	-
China Vanke Co Ltd - B	10,500	253,866	-
Jiangling Motors Corp Ltd - B	-	1,478	-
Luthai Textile Co Ltd - B	109,050	15,700	-
Weifu High-Technology Co Ltd - B	5,800	-	10,650
Yantai Changyu Pioneer Wine Co - B	-	33,583	-
<i>Listed on the Stock Exchange of Singapore</i>			
Capitaretail China Trust	71,223	67,018	-
Capitaretail China Trust Nil Paid Rts 13/11/2013	-	1,982	1,982

**FIRST STATE NEW ERA PRC FUND (PREVIOUSLY KNOWN AS NEW ERA PRC FUND)
GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2014**

<i>Manager</i>	First State Investments (Hong Kong) Limited 6th Floor, Three Exchange Square 8 Connaught Place Central Hong Kong
<i>Directors of the Manager</i>	Chris Turpin Djayawinata Adrianus (resigned on 6 March 2014) Michael Stapleton Ng Hui Lin Todd Prado (appointed on 25 July 2013)
<i>Trustee and Registrar</i>	HSBC Institutional Trust Services (Asia) Limited 1 Queen's Road Central Hong Kong
<i>Auditor</i>	PricewaterhouseCoopers 22nd Floor, Prince's Building Central Hong Kong
<i>Legal Advisor to the Manager</i>	Deacons Alexandra House 5th Floor 18 Charter Road Central Hong Kong

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The Securities & Futures Commission has not reviewed the contents of the above website.