

First State New Era PRC Fund

Annual Report

July 2014 – June 2015

FIRST STATE 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. 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
REPORT OF THE MANAGER
FOR THE YEAR ENDED 30 JUNE 2015**

REPORT OF THE MANAGER

PERFORMANCE

	1 July 2014 to 30 June 2015	1 July 2013 to 30 June 2014
First State New Era PRC Fund Class II*	9.92%	15.32%
Benchmark: MSCI China Free Index	24.95%	15.94%
	7 October 2014 to 30 June 2015	1 July 2013 to 30 June 2014
First State New Era PRC Fund Class III	8.90%	-
Benchmark: MSCI China Free Index	20.20%	-

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

Review

Over the year to 30 June 2015 the MSCI China Index rose by 25% in US dollar terms, outperforming the MSCI World Index which increased by 1.2%. The China equity market was boosted by loose monetary policies and a surge in retail broker trading accounts, but reversed in the last quarter, as profit-taking activities and declining market liquidity caused a rout in the China A-share market, affecting the wider region. At a sector level, Financials and Industrials were particularly strong over the year, while Consumer Staples and Energy stocks lagged.

Performance

The portfolio underperformed its benchmark index over the period.

On the negative side, China Oilfield Services declined because of a deteriorating sector outlook and weak earnings performance, while Towngas China suffered as its profit growth was effectively wiped out by RMB depreciation. Mindray Medical fell due to weaker than expected growth, especially in emerging markets.

Positive performance was generated by China Taiping Insurance, as its share price rallied with the general market, supported by strong results and premium growth, while China Merchants Bank rose as a result of increased trading volumes and revenues from the Shanghai-Hong Kong Stock Connect platform. Qingdao Haier climbed on steady results and a positive business outlook for its US exports.

* As per the updated Explanatory Memorandum dated 7 October 2014, the existing units of the Fund will be referred to as "Class II" units.

**FIRST STATE NEW ERA PRC FUND
REPORT OF THE MANAGER (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2015**

REPORT OF THE MANAGER (CONTINUED)

Portfolio changes

Significant new positions established over the year include Qingdao Haier, the largest manufacturer of refrigerators and washing machines in the world, Delta Electronics, a leading power supply manufacturer and Huayu Auto, the largest automotive components manufacturer in China.

We sold China Resources Gas due to concerns over penetration levels and its exposure to industrial regions where growth is slowing. We also disposed of Mindray Medical on doubts around its strategy and succession plans, as well as intensifying competition from its peers, while Softbank was sold on portfolio consolidation.

Outlook

China's A-share market has experienced an unprecedented period of growth and volatility in recent months, which has impacted the wider Greater China region. Since late last year, Chinese equities had enjoyed a credit-fuelled rise, only to see a sharp correction in mid-June as government scrutiny on stock financing activities drove the market down. Despite steep declines in the market, stock valuations remain quite high, especially for good quality companies. Longer-term, China should continue to grow its domestic economy, while the level of urbanisation should also rise – potential beneficiaries include companies like ENN Energy and China Vanke. We favour Taiwan technology names that are industry leaders in their respective fields – such as Taiwan Semiconductor TSMC, Delta Electronics and Advantech.

**FIRST STATE NEW ERA PRC FUND
PERFORMANCE TABLE (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2015**

NET ASSET VALUES

Financial year	Net asset value US\$	Net asset value per unit in issue US\$
30.6.2015 - Class II*	10,274,510	103.93
30.6.2015 - Class III	1,238,202	10.89
30.6.2014 - Class II	10,284,868	94.54
30.6.2014 - Class III	-	-
30.6.2013 - Class II	10,734,975	81.66
30.6.2013 - Class III	-	-

PERFORMANCE RECORD

Financial year Ended	Highest price per unit US\$	Lowest price per unit US\$
30.6.2015 - Class II*	112.91	88.30
30.6.2015 - Class III	11.82	9.23
30.6.2014 - Class II	97.50	80.10
30.6.2014 - Class III	-	-
30.6.2013 - Class II	88.60	68.25
30.6.2013 - Class III	-	-
30.6.2012 - Class II	79.42	57.46
30.6.2012 - Class III	-	-
30.6.2011 - Class II	83.06	65.41
30.6.2011 - Class III	-	-
30.6.2010 - Class II	72.39	49.65
30.6.2010 - Class III	-	-
30.6.2009 - Class II	59.58	25.52
30.6.2009 - Class III	-	-
30.6.2008 - Class II	81.01	51.35
30.6.2008 - Class III	-	-
30.6.2007 - Class II	56.96	29.76
30.6.2007 - Class III	-	-
30.6.2006 - Class II	32.98	20.93
30.6.2006 - Class III	-	-

* As per the updated Explanatory Memorandum dated 7 October 2014, the existing units of the Fund will be referred to as "Class II" units.

**FIRST STATE NEW ERA PRC FUND
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 30 JUNE 2015**

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 2015.

For and on behalf of

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

Hong Kong, 14 October 2015

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FIRST STATE 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 28, which comprise the statement of net assets as at 30 June 2015, and the statement of comprehensive income, statement of changes in net assets attributable to unitholders 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 (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 2015, 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, 14 October 2015

FIRST STATE NEW ERA PRC FUND
STATEMENT OF NET ASSETS
AS AT 30 JUNE 2015

	Note	2015 US\$	2014 US\$
Assets			
Non-current assets			
Formation cost		19,989	-
Current assets			
Investments	4(b)	11,446,298	10,319,017
Dividend receivable		84,464	33,126
Amounts receivable from brokers		16,014	6,191
Cash at banks		114,980	75,432
		<u>11,661,756</u>	<u>10,433,766</u>
		<u>11,661,756</u>	<u>10,433,766</u>
Total assets		<u>11,681,745</u>	<u>10,433,766</u>
Liabilities			
Current liabilities			
Derivative financial instruments	6	4	8
Amounts payable on redemption		53,132	53,132
Amounts payable to brokers		42,321	44,427
Accounts payable and accrued expenses		73,576	51,331
		<u>169,033</u>	<u>148,898</u>
Total liabilities (excluding net assets attributable to unitholders)*		<u>169,033</u>	<u>148,898</u>
Net assets attributable to unitholders		<u>11,512,712</u>	<u>10,284,868</u>
Number of units in issue			
- Class II (USD)	3	98,851.01	108,787.13
- Class III (USD)	3	113,620.74	-
		<u>113,620.74</u>	<u>108,787.13</u>
Net assets attributable to unitholders per unit			
- Class II (USD)	3	103.93	94.54
- Class III (USD)	3	10.89	-
		<u>103.93</u>	<u>94.54</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

* Net assets attributable to unitholders are classified as financial liabilities as at 30 June 2015 and as equity as at 30 June 2014.

The notes on pages 11 to 28 form part of these financial statements.

**FIRST STATE NEW ERA PRC FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 US\$	2014 US\$
Income			
Dividend on investments		291,628	200,204
Interest on bank deposits		-	15
Net gains on investments and derivative financial instruments	5	1,024,063	1,683,410
Exchange losses		(4,314)	(2,498)
Total net income		<u>1,311,377</u>	<u>1,881,131</u>
Expenses			
Management fee	9(a)	159,643	163,102
Trustee's fee	9(b)	5,438	5,437
Administration fee	9(c)	12,013	12,006
Auditor's remuneration		31,627	29,927
Legal and professional fee		30,558	32,224
Safe custody and bank charges		807	1,132
Interest expenses		41	163
Preliminary expenses		11	-
Other operating expenses		30,482	27,990
Total operating expenses		<u>270,620</u>	<u>271,981</u>
Profit before tax		1,040,757	1,609,150
Withholding tax		(19,743)	(9,767)
Increase in net assets attributable to unitholders from operations		<u><u>1,021,014</u></u>	<u><u>1,599,383</u></u>

* During the period from 1 July 2014 to 6 October 2014, net assets attributable to unitholders are classified as equity. During the period from 7 October 2014 to 30 June 2015, net assets attributable to unitholders are classified as financial liabilities.

The notes on pages 11 to 28 form part of these financial statements.

**FIRST STATE NEW ERA PRC FUND
STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS
FOR THE YEAR ENDED 30 JUNE 2015**

	Note	2015 US\$	2014 US\$
Net assets attributable to unitholders at 1 July		10,284,868	10,734,975
Allotment of units	3	1,125,028	-
Redemption of units	3	(918,198)	(2,049,490)
Increase in net assets attributable to unitholders from operations		1,021,014	1,599,383
Net assets attributable to unitholders at 30 June*		<u>11,512,712</u>	<u>10,284,868</u>

* Net assets attributable to unitholders are classified as financial liabilities as at 30 June 2015 and as equity as at 30 June 2014

The notes on pages 11 to 28 form part of these financial statements.

**FIRST STATE NEW ERA PRC FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

	2015	2014
	US\$	US\$
Cash flows from operating activities		
Purchase of investments and derivative financial instruments	(3,952,336)	(2,839,147)
Proceeds from sale of investments and derivative financial instruments	3,837,185	4,818,446
Dividend received	220,547	221,398
Interest received	-	15
Interest paid	(41)	(163)
Administration fee paid	(12,037)	(12,006)
Auditor's remuneration paid	(30,150)	(28,330)
Management fee paid	(158,012)	(164,040)
Trustee's fee paid	(5,365)	(5,469)
Other operating expenses paid	(62,759)	(63,079)
Net cash (used in)/generated from operating activities	(162,968)	1,927,625
Cash flows from financing activities		
Allotment of units	1,125,028	-
Redemption of units	(918,198)	(1,997,809)
Net cash generated from/(used in) financing activities	206,830	(1,997,809)
Net increase/(decrease) in cash and cash equivalents	43,862	(70,184)
Effect of foreign exchange rate changes	(4,314)	(2,498)
Cash and cash equivalents at the beginning of the year	75,432	148,114
Cash and cash equivalents at the end of the year	114,980	75,432
Analysis of balance of cash and cash equivalents		
Cash at banks	114,980	75,432

The notes on pages 11 to 28 form part of these financial statements.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

1. The Fund

First State 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 Hong Kong Securities and Futures Ordinance and is required to comply with the Code on Unit Trusts and Mutual Funds issued by the Securities and Futures Commission of Hong Kong. Prior to 7 October 2014, the investment objective of the Fund was 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. With effect from 7 October 2014, according to the updated Explanatory Memorandum, the investment objective of the Fund has been changed to achieving long term capital appreciation. The Fund aims to invest fully in equity and equity related securities issued by companies, with no restriction on company size, with either assets in, or revenues derived from, the PRC that are listed, traded or dealt in on stock exchanges and markets in the PRC, Hong Kong, Taiwan, the United States or in a member state of the Organisation for Economic Co-operation and Development (the “OECD”). Further with effect from 28 January 2015, the Fund may directly invest up to 10% of its total net asset value in certain eligible China A-shares via the Shanghai-Hong Kong Stock Connect (the “Stock Connect”).

HSBC Institutional Trust Services (Asia) Limited (the “Trustee”) has been appointed as the trustee of the Fund. The investment objectives of the Fund are managed by First State Investments (Hong Kong) Limited (the “Manager”).

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 (including derivative financial instruments) 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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Standards and amendments to existing standards effective from 1 July 2014

Amendment to HKAS 32, “Financial instruments: Presentation” on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Fund’s financial statements.

New standards, amendments and interpretations 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. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Fund is yet to assess HKFRS 9’s full impact and expect that the application of the standard will have no material impact on how the results and financial position of the Fund is prepared.

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.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

2. Summary of significant accounting policies (continued)

(b) Investments (continued)

The Fund utilises the last traded market price as its fair valuation input 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.

(c) Derivative financial instruments

Derivative financial instruments are recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

The best evidence of the fair value of a derivative financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received). Subsequent changes in the fair value of any derivative financial instrument are recognised immediately in the statement of comprehensive income.

(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. Other income is accounted for on an accrual basis.

(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)".

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

2. Summary of significant accounting policies (continued)

(e) Translation of foreign currencies (continued)

(ii) Transactions and balances (continued)

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 liability. 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.

(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. Number of units in issue and 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 net assets attributable to unitholders. 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.

FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

3. Number of units in issue and net assets attributable to unitholders (continued)

As at 30 June 2015, the Fund had US\$11,512,712 of net assets attributable to unitholders which represent a liability in the statement of net assets, carried at the redemption amount that would be payable at the year end date if the unitholders exercised the right to redeem the units in the Fund. As at 30 June 2014, the Fund had US\$10,284,868 of puttable financial instruments classified as equity.

		2015
		Units
Number of Class II units in issue		98,851.01
Number of Class III units in issue		113,620.74
		2014
		Units
Number of units in issue		108,787.13
		2015
		US\$
Net assets attributable to unitholders per Class II unit		103.93
Net assets attributable to unitholders per Class III unit		10.89
		2014
		US\$
Net assets attributable to unitholders per unit		94.54
		2015
		Class II
		Units
Balance at the beginning of the year	108,787.13	-
Allotment of units	-	113,620.74
Redemption of units	(9,936.12)	-
Balance at the end of the year	98,851.01	113,620.74

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

3. Number of units in issue and net assets attributable to unitholders (continued)

	2014 Units
Balance at the beginning of the year	131,460.52
Redemption of units	(22,673.39)
	<hr/>
Balance at the end of the year	<u>108,787.13</u>

According to the updated Explanatory Memorandum dated 7 October 2014, four 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. Class II units are not available for subscription by retail investors in Hong Kong.

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.

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 achieve long term capital appreciation. The Fund aims to invest fully in equity and equity related securities issued by companies, with no restriction on company size, with either assets in, or revenues derived from, the PRC that are listed, traded or dealt in on stock exchanges and markets in the PRC, Hong Kong, Taiwan, the United States or in a member state of the OECD. Further with effect from 28 January 2015, the Fund may directly invest up to 10% of its total net asset value in certain eligible China A-shares via the Stock Connect.

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.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Financial risk management (continued)

(a) Strategy in using financial instruments (continued)

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:

	2015		2014	
	Fair value US\$	% of net assets	Fair value US\$	% of net assets
Held for trading:				
- Listed equities	11,446,298	99.42	10,319,017	100.33
	<u>11,446,298</u>	<u>99.42</u>	<u>10,319,017</u>	<u>100.33</u>

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

	2015 US\$ equivalents	2014 US\$ equivalents
Markets exposed to		
China	8,720,512	7,553,496
Hong Kong	2,305,511	2,536,476
Japan	-	186,137
Singapore	-	42,908
Taiwan	420,275	-
	<u>11,446,298</u>	<u>10,319,017</u>

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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 2015 and 2014 are as follows:

	2015	2014
	% of net assets	% of net assets
Sectors exposed to		
Consumer Discretionary	21.57	11.84
Consumer Staples	9.12	8.51
Energy	4.33	9.37
Financials	16.69	19.27
Health Care	14.29	13.01
Industrials	3.73	0.82
Information Technology	19.24	17.38
Materials	1.11	3.51
Telecommunication Services	0.89	2.11
Utilities	8.45	14.51
	<u>99.42</u>	<u>100.33</u>

There are no individual investments with market value exceeding 10% of the Fund's net asset value at 30 June 2015 and 2014.

The table below summarises the impact on the net assets attributable to unitholders, as at 30 June 2015 and 2014, of a reasonably possible change in the benchmark market index as applied to the respective beta reported by Lipper.

The reasonably possible change in the benchmark market index 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 in the Fund 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.

	<u>2015</u>		<u>2014</u>	
	Change in market index % +/-	Impact US\$ +/-	Change in market index % +/-	Impact US\$ +/-
MSCI China Free Index (Total return)	7.72%	646,296	5.22%	425,182

(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.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Financial risk management (continued)

(c) Interest rate risk (continued)

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.

The Fund had bank balances of US\$114,980 (2014: US\$75,432) 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 2015 and 2014.

At 30 June 2015

	US\$	Credit rating	Source of credit rating
<u>Custodian – custody risk</u>			
HSBC Institutional Trust Services (Asia) Limited	11,446,298	AA-*	Fitch
<u>Bank – credit risk</u>			
The Hongkong and Shanghai Banking Corporation Limited	114,980	AA-*	Fitch

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

* The credit ratings of HSBC Institutional Trust Services (Asia) Limited and The Hongkong and Shanghai Banking Corporation Limited are obtained from HSBC Holdings PLC, which is the ultimate holding company.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Financial risk management (continued)

(d) Credit and custody risk (continued)

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 Fund had arranged uncommitted overdraft facility with The Hongkong and Shanghai Banking Corporation Limited (“HSBC”). 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. The Fund is therefore also exposed to credit risk to HSBC. Please refer to note 7 for uncommitted bank overdraft.

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.

(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.

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 2015			
Derivative financial instruments	4	-	-
Amounts payable on redemption	-	-	53,132
Amounts payable to brokers	42,321	-	-
Accounts payable and accrued expenses	17,216	36,360	20,000
Net assets attributable to unitholders	11,512,712	-	-
	<hr/>	<hr/>	<hr/>
Total financial liabilities	11,572,253	36,360	73,132
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Financial risk management (continued)

(e) Liquidity risk (continued)

	Less than 1 month US\$	1-3 months US\$	Over 3 months US\$
At 30 June 2014			
Derivative financial instruments	8	-	-
Amounts payable on redemption	-	-	53,132
Amounts payable to brokers	44,427	-	-
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

Units are redeemed on demand at the holder's option. As at 30 June 2015, there was 1 (2014: 1) unitholder holding over 10% of the Fund's net assets.

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 2015	Less than 1 month US\$	1-3 months US\$	More than 3 months US\$
Investments	11,446,298	-	-
Dividend receivable	77,306	7,158	-
Amounts receivable from brokers	16,014	-	-
Formation cost	-	-	19,989
Cash at banks	114,980	-	-
	<u>11,654,598</u>	<u>7,158</u>	<u>19,989</u>
Total assets	11,654,598	7,158	19,989

At 30 June 2014	Less than 1 month US\$	1-3 months US\$	More than 3 months US\$
Investments	10,319,017	-	-
Dividend receivable	24,134	8,992	-
Amounts receivable from brokers	6,191	-	-
Cash at banks	75,432	-	-
	<u>10,424,774</u>	<u>8,992</u>	<u>-</u>
Total assets	10,424,774	8,992	-

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Financial risk management (continued)

(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 Manager will enter into forward foreign exchange contracts from time to time to hedge against the fluctuation in exchange rates. Details of forward foreign exchange contracts outstanding at the year end are disclosed in note 6.

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

	2015		2014	
	Monetary US\$	Non- monetary US\$	Monetary US\$	Non- monetary US\$
Australian Dollar	-	-	2	-
Chinese Renminbi	17,854	837,175	-	-
Hong Kong Dollar	14,047	9,460,515	(5,110)	9,153,598
Japanese Yen	-	-	-	186,136
Singapore Dollar	-	-	-	42,908
Taiwan Dollar	10,818	420,275	-	-

As the Hong Kong dollar is currently linked to the United States dollar, the functional currency, within a narrow range, no sensitivity analysis is performed on Hong Kong dollar.

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.

	2015			2014		
	Change	Impact	Impact	Change	Impact	Impact
	+/-	Monetary US\$ equivalent +/-	Non- monetary US\$ equivalent +/-	+/-	Monetary US\$ equivalent +/-	Non- monetary US\$ equivalent +/-
Chinese Renminbi	5.0%	893	41,859	5.0%	-	-
Japanese yen	5.0%	-	-	5.0%	-	9,307
Singapore dollar	5.0%	-	-	5.0%	-	2,145
Taiwan dollar	5.0%	541	21,014	5.0%	-	-

The Manager has used its 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.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Financial risk management (continued)

(f) Currency risk (continued)

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. The Fund utilises the last traded market price as its fair valuation inputs 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.

HKFRS 13 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).

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 such 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.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Financial risk management (continued)

(g) Fair value estimation (continued)

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

At 30 June 2015

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Assets				
Held for trading				
- Equities	11,446,298	-	-	11,446,298
	<u>11,446,298</u>	<u>-</u>	<u>-</u>	<u>11,446,298</u>
Total assets	<u><u>11,446,298</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>11,446,298</u></u>
Liabilities				
Held for trading				
- Derivatives	-	4	-	4
	<u>-</u>	<u>4</u>	<u>-</u>	<u>4</u>
Total liabilities	<u><u>-</u></u>	<u><u>4</u></u>	<u><u>-</u></u>	<u><u>4</u></u>

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
	<u>10,319,017</u>	<u>-</u>	<u>-</u>	<u>10,319,017</u>
Total assets	<u><u>10,319,017</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>10,319,017</u></u>
Liabilities				
Held for trading				
- Derivatives	-	8	-	8
	<u>-</u>	<u>8</u>	<u>-</u>	<u>8</u>
Total liabilities	<u><u>-</u></u>	<u><u>8</u></u>	<u><u>-</u></u>	<u><u>8</u></u>

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 investments.

Financial instruments that trade in markets that are not considered to be active and 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 2015 and 2014, the Fund did not hold any investments classified in level 3.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. Financial risk management (continued)

(g) Fair value estimation (continued)

There were no transfers between levels of investments for the years ended 30 June 2015 and 2014.

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.

(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 and derivative financial instruments

	2015	2014
	US\$	US\$
Change in unrealised gains/losses in value of investments	96,792	931,231
Change in unrealised gains/losses on derivative financial instruments	4	(8)
Realised gains on sale of investments	927,267	752,187
	<u>1,024,063</u>	<u>1,683,410</u>

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

6. Derivative financial instruments

Derivative financial instruments represent outstanding forward foreign exchange contracts.

	2015		2014	
	US\$	% of net assets	US\$	% of net assets
<u>Derivative financial instruments</u>				
- Forward foreign exchange contracts	(4)	-	(8)	-
Total derivative financial instruments				
- liabilities	(4)	-	(8)	-

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

At 30 June 2015

Contract to deliver	In exchange for	Settlement date	Fair value US\$
USD1,572	HKD12,187	2 July 2015	-
USD9,772	HKD75,746	2 July 2015	(1)
USD2,616	HKD20,280	2 July 2015	-
USD4,855	HKD37,633	2 July 2015	-
USD11,105	HKD86,077	2 July 2015	(1)
USD960	HKD7,438	2 July 2015	-
USD5,753	HKD44,591	2 July 2015	(1)
USD5,692	HKD44,122	2 July 2015	(1)
			(4)

At 30 June 2014

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

7. Uncommitted bank overdraft

The Fund had arranged uncommitted overdraft facility with HSBC since 29 May 2013. The overdraft facility limit is the lesser of US\$1,000,000 and 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.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

7. Uncommitted bank overdraft (continued)

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 2015 and 2014, 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 the 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 the 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 exempted 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 to is US\$102,618 (2014: US\$88,558), calculated based on the realised gain and unrealised gain from all investments in B-shares up to 30 June 2015. 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 2015, and therefore no provision is made.
- (d) The Fund invests in A-shares of companies listed in the PRC. Under current PRC tax laws, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Fund) on the trading of China A-shares through the Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.
- (e) 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.

**FIRST STATE NEW ERA PRC FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

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

(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 Class II (USD) units and 1% of the net asset value of the Class III (USD) units. The Manager may increase the rate of management fee payable in respect of each class of the Fund up to 2.25% per annum by giving not less than three months' written notice of such increase to the Trustee and the unitholders. For the year ended 30 June 2015, a management fee of US\$159,643 (2014: US\$163,102) was incurred by the Fund, of which US\$14,123 (2014: US\$12,492) remained payable at 30 June 2015.

(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 Trustee may increase the rate of the trustee fee up to 1% per annum by giving not less than three months' written notice of such increase to the Manager and the unitholders. For the year ended 30 June 2015, a trustee fee of US\$5,438 (2014: US\$5,437) was incurred by the Fund, of which US\$488 (2014: US\$415) remained payable at 30 June 2015.

(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 2015, an administration fee of US\$12,013 (2014: US\$12,006) was incurred by the Fund, of which US\$976 (2014: US\$1,000) remained payable at 30 June 2015.

(d) Subscription charge

The Manager is entitled to a preliminary charge of 5% relating to unit subscriptions in the Fund. For the year ended 30 June 2015, units have been issued but no subscription charge has been levied by the Manager (2014: Nil).

10. Soft commission arrangements

The Manager may make use of commission sharing arrangements with brokerage firms that execute orders or that provide research and advisory services to the Manager. This may include situations where the dealing commission on a particular trade or a series of trades is shared between one or more providers of execution and/or research services. In this case a portion of the commission paid by the Manager to the executing broker is used to purchase third party research or execution services. The Manager made use of commission sharing arrangement during the year 2015 and 2014. The brokerage firm has provided execution services in this period and a portion of commission paid has been to purchase third party research services.

11. Distributions

No distribution was made during the year (2014: Nil).

12. Approval of the financial statements

The financial statements were approved by the Trustee and the Manager on 14 October 2015.

**FIRST STATE NEW ERA PRC FUND
INVESTMENT PORTFOLIO (UNAUDITED)
AS AT 30 JUNE 2015**

	Holdings as at 30.6.2015	Market value US\$	% of net asset value
Listed investments – equities (99.42%)			
<i>Listed on the Stock Exchange of Hong Kong (74.02%)</i>			
AAC Technologies Hldg Inc Com	25,000	141,252	1.23
ASM Pacific Technology	29,800	295,228	2.56
Changan Minsheng APLL Logistic	54,000	72,724	0.63
China Bluechemical Ltd Shs - H	350,000	127,772	1.11
China Conch Venture Holdings Ltd	42,000	96,438	0.84
China Construction Bank - H	239,181	218,444	1.90
China Mengniu Dairy Co Ltd	91,000	453,703	3.94
China Merchants Bank Co Ltd - H	183,791	535,813	4.65
China Oilfield Services Ltd	228,000	363,525	3.16
China Resources Land Ltd	34,137	110,750	0.96
China Resources Power Holdings Co Ltd	53,700	149,973	1.30
China Taiping Insurance Holdings Co Ltd	149,061	535,513	4.65
China Telecom Corp Ltd - H	174,000	102,127	0.89
China Vanke Co Ltd - H	165,526	407,404	3.54
CNOOC Ltd	95,000	134,802	1.17
CPMC Holdings Ltd	315,000	210,485	1.83
CSPC Pharmaceutical Group Ltd	312,000	308,293	2.68
ENN Energy Holdings Ltd	70,000	422,144	3.67
Fuyao Glass Industry Group Co Ltd - H	42,400	103,811	0.90
Hang Lung Group Ltd	26,000	114,537	0.99
Hengan International Group Co Ltd	8,700	103,362	0.90
I.T Ltd	224,000	84,086	0.73
Lee's Pharmaceutical Holdings Ltd	63,000	104,674	0.91
Lenovo Group Ltd	312,000	432,255	3.75
Luye Pharma Group Ltd	53,500	57,281	0.50
Minth Group Ltd	144,000	322,101	2.80
Pacific Textiles Holdings Ltd	74,000	118,177	1.03
Shenzhou International Group	42,000	204,254	1.77
Sino Biopharmaceutical Ltd	200,000	232,195	2.02
Sun Art Retail Group Ltd	167,097	150,454	1.31
Tencent Holdings Ltd	25,200	502,888	4.37
Tong Ren Tang Technologies Co Ltd - H	312,000	528,043	4.59
Towngas China Co Ltd	438,681	401,214	3.48
Truly International Holdings Ltd	244,000	100,406	0.87
Want Want China Holdings Ltd	214,000	226,364	1.96
Xinjiang Goldwind Sci & Tech - H	24,400	49,353	0.43
		8,521,845	74.02
<i>Listed on the Stock Exchange of New York, U.S.A. (6.33%)</i>			
Baidu Inc - ADR	2,222	442,356	3.84
China Biologic Products Inc Com	727	83,721	0.73

**FIRST STATE NEW ERA PRC FUND
INVESTMENT PORTFOLIO (UNAUDITED) (CONTINUED)
AS AT 30 JUNE 2015**

	Holdings as at 30.6.2015	Market value US\$	% of net asset value
Listed investments – equities (99.42%) (continued)			
<i>Listed on the Stock Exchange of New York, U.S.A. (6.33%) (continued)</i>			
Wuxi Pharmatech Cayman Inc - ADR	4,786	202,256	1.76
		<u>728,333</u>	<u>6.33</u>
<i>Listed on the Stock Exchange of Shanghai (7.27%)</i>			
Foshan Haitian Flav & Food Co Ltd	22,599	116,285	1.01
Huayu Automotive Systems	75,869	260,951	2.27
Qingdao Haier Co Ltd	70,560	344,769	2.99
Zhengzhou Yutong Bus Co Ltd	34,788	115,170	1.00
		<u>837,175</u>	<u>7.27</u>
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China (8.15%)</i>			
China National Accord Medicines Co Ltd - B	20,500	126,986	1.10
Jiangling Motors Corp Ltd - B	33,856	160,805	1.40
Luthai Textile Co Ltd - B	222,850	355,889	3.09
Weifu High-Technology Co Ltd - B	72,712	294,990	2.56
		<u>938,670</u>	<u>8.15</u>
<i>Listed on the Stock Exchange of Taiwan (3.65%)</i>			
Delta Electronics Inc	59,000	301,927	2.62
Giant Manufacturing Co Ltd	14,000	118,348	1.03
		<u>420,275</u>	<u>3.65</u>
Total listed investments – equities		11,446,298	99.42
Derivative financial instruments		(4)	-
Other net assets		66,418	0.58
Net assets as at 30 June 2015		<u>11,512,712</u>	<u>100.00</u>
Total listed investments, at historical cost		<u>8,194,600</u>	

FIRST STATE NEW ERA PRC FUND
STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
FOR THE YEAR ENDED 30 JUNE 2015

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	9,500	16,500	-
ASM Pacific Technology	20,600	-	-
Changan Minsheng APLL Logistic	54,000	-	-
China Bluechemical Ltd Shs - H	396,000	46,000	-
China Conch Venture Holdings Ltd	42,000	-	-
China Construction Bank - H	-	170,000	-
China Mengniu Dairy Co Ltd	26,000	2,000	-
China Merchants Bank Co Ltd - H	-	39,500	-
China Oilfield Services Ltd	18,000	14,000	-
China Overseas Grand Oceans Group Ltd	-	300,250	-
China Resources Enterprise Ltd	-	30,667	-
China Resources Gas Group Ltd	-	106,000	-
China Resources Land Ltd	14,017	51,880	-
China Resources Land Ltd Nil Paid Rts 30/01/2015	-	13,778	13,778
China Resources Power Holdings Co Ltd	12,000	-	-
China Suntien Green Energy Corp Ltd - H	-	273,000	-
China Taiping Insurance Holdings Co Ltd	31,849	23,200	-
China Taiping Insurance Holdings Co Ltd Nil	-	28,646	28,646
China Telecom Corp Ltd - H	24,000	294,000	-
China Vanke Co Ltd - H	8,600	38,800	-
CNOOC Ltd	17,000	109,000	-
CPMC Holdings Ltd	-	104,000	-
CSPC Pharmaceutical Group Ltd	192,000	-	-
ENN Energy Holdings Ltd	10,000	12,000	-
Fuyao Glass Industry Group Co Ltd - H	50,000	7,600	-
Haitian International Hldgs	-	36,000	-
Hang Lung Group Ltd	10,000	-	-
Hengan International Group Co Ltd	-	500	-
Hong Kong & China Gas	-	77,750	-
I.T Ltd	224,000	-	-
Lee's Pharmaceutical Holdings Ltd	-	7,000	-
Lenovo Group Ltd	8,000	14,000	-
Luen Thai Holdings Ltd	-	232,000	-
Luk Fook Holdings International Ltd	-	29,000	-
Luye Pharma Group Ltd	53,500	-	-
Minth Group Ltd	-	16,000	-
Pacific Textiles Holdings Ltd	-	9,000	-
Shenzhou International Group	8,000	25,000	-
Sino Biopharmaceutical Ltd	28,000	56,000	-
Sun Art Retail Group Ltd	55,500	11,000	-
Sunny Optical Technology Group Co Ltd	-	81,000	-
Techtronic Industries Co Ltd	-	30,000	-
Tencent Holdings Ltd	-	6,300	-
Tong Ren Tang Technologies Co Ltd - H	82,000	18,000	-
Towngas China Co Ltd	150,681	12,000	-
Truly International Holdings Ltd	244,000	-	-
United Laboratories Ltd	-	58,000	-
Want Want China Holdings Ltd	45,000	-	-
Xinjiang Goldwind Sci & Tech - H	24,400	-	-

FIRST STATE NEW ERA PRC FUND
STATEMENT OF MOVEMENTS IN PORTFOLIO HOLDINGS (UNAUDITED)
(CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2015

Listed investments (continued)	Portfolio holdings		Bonus/ Split
	Additions	Disposals	
<u>Equities (continued)</u>			
<i>Listed on the Stock Exchange of Japan</i>			
Softbank Group Corp (Formerly known as Softbank Corp)	500	3,000	-
<i>Listed on the Stock Exchange of New York, U.S.A.</i>			
Alibaba Group Holding Ltd - ADR	199	199	-
Baidu Inc - ADR	144	334	-
China Biologic Products Inc Com	1,365	638	-
Mindray Medical Intl Ltd - ADR	-	10,206	-
Wuxi Pharmatech Cayman Inc - ADR	-	214	-
<i>Listed on the Stock Exchange of Shanghai</i>			
Foshan Haitian Flav & Food Co Ltd	15,755	4,400	11,244
Huayu Automotive Systems	86,069	10,200	-
Qingdao Haier Co Ltd	111,960	41,400	-
Zhengzhou Yutong Bus Co Ltd	23,192	-	11,596
<i>Listed on the Stock Exchange of Shenzhen, People's Republic of China</i>			
China National Accord Medicines Co Ltd - B	4,000	1,600	-
Jiangling Motors Corp Ltd - B	7,300	-	-
Luthai Textile Co Ltd - B	129,500	-	-
Weifu High-Technology Co Ltd - B	34,962	-	-
<i>Listed on the Stock Exchange of Singapore</i>			
Capitaland Retail China Trust Management Ltd (Formerly known as Capitaretail China Trust)	72,410	108,615	-
<i>Listed on the Stock Exchange of Taiwan</i>			
Delta Electronics Inc	59,000	-	-
Giant Manufacturing Co Ltd	14,000	-	-

**FIRST STATE NEW ERA PRC FUND
GENERAL INFORMATION
FOR THE YEAR ENDED 30 JUNE 2015**

Manager	First State Investments (Hong Kong) Limited 6th Floor, Three Exchange Square 8 Connaught Place Central Hong Kong
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Trustee and Registrar	HSBC Institutional Trust Services (Asia) Limited 1 Queen's Road Central Hong Kong
Auditor	PricewaterhouseCoopers 22nd Floor, Prince's Building Central Hong Kong
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The Securities & Futures Commission has not reviewed the contents of the above website.